

CURRENT HISTORY

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Current History

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Canada's changing political scene, its economic growth, and questions concerning its defense policy are discussed in this issue. Our lead article points out that in foreign relations, "Canada's relevance as a principal power has been thrust into the remaining and most difficult sphere of East-West relations. What remains to be seen is whether Canada has the capacity and skill to move a retreating America into a responsible role in managing global order, or substituting for the United States should the forces of American isolationism prevail."

Canadian Foreign Policy in the 1980's

BY JOHN KIRTON

Associate Professor of Political Science, University of Toronto

FOR much of the past year, the attention of Canadians concerned about their country's foreign policy has been firmly fixed on the peace initiative of their Prime Minister, Pierre Elliott Trudeau. Aimed at the most vital issue of East-West security and animated by the crucial objective of inducing the superpowers to resume a détente-oriented political dialogue, this initiative took the Prime Minister to a host of foreign capitals in the Atlantic community, East Europe and the third world. After a February, 1984, meeting with the new Soviet party leader, General Secretary Konstantin Chernenko, Pierre Elliott Trudeau had secured his immediate aim of meeting with the leaders of the world's five nuclear powers and helping global discourse shift from megaphone confrontation to civilized discussion. He thus declared his initiative a success, pointing to such achievements as energizing the North Atlantic Treaty Organization's dialogue with the Warsaw Pact on Mutual and Balanced Force Reductions (MBFR) in Europe, inducing a resumption of talks at the ministerial level between East and West at the Stockholm Conference on European Security, and helping move the United States, the Soviet Union and the United Kingdom from unrelieved invective to moderation in their private dialogues and public declarations.

Many Canadians remained skeptical, not only of their Prime Minister's role, but also of his motives in engaging in such a Herculean task. Wedded to their traditional belief that Canada was at best a marginal middlepower on the global stage, they calculated that Prime Minister

Trudeau was claiming credit for actions that the great powers had produced on their own. They saw his initiative as an attempt either to bolster his badly sagging electoral popularity or to make a graceful exit from his 16-year tenure as Prime Minister, perhaps with a Nobel Peace Prize in hand.

These Canadian skeptics were wrong on both counts, for they badly misjudged their country's current position and its role in the world. Trudeau's peace initiative was the clearest expression thus far of the foreign policy of a country that has emerged during the past decade and a half as one of the principal powers of the globe; along with this emergence have come the rights and responsibilities for ensuring global order that have long belonged to states in the top tier of the international power hierarchy.¹ This Canadian ascendance is largely a result of the sustained and probably irreversible decline of a once globally dominant United States, and the consequent diffusion of power to a number of states long confined to the shadows cast by the American sun. For Canada, this change has not been translated into futile crusades from a soon-to-retire Prime Minister; instead, there has been a profound shift in Canada's relationships with its central international partners—the United States, the major countries of Europe, and the Soviet Union.

The magnitude of the post-1967 shift in the relative international positions of the United States and Canada has been far more apparent to Americans than to Canadians. In 1967, the United States was one of the most dominant, globally expansive powers the international system had ever seen. Alone, it accounted for over one-third of the world's military expenditures, and its massive forces were spread throughout Europe, Latin America,

¹For a full account see David Dewitt and John Kirton, *Canada as a Principal Power* (Toronto: John Wiley and Sons Canada Limited, 1983).

the Middle East and Asia. It accounted for over one-third of the world's gross national product (GNP), provided half the northern world's official development assistance and served as the home base for a full two-thirds of the world's 100 largest industrial corporations. At home, its leaders and citizens responded readily and reliably to President John Kennedy's inaugural injunction to "bear any burden" in defense of the quintessential American value of liberty. And its most skilled scholars, preoccupied with the challenges of managing America's preeminence, urged their countrymen to accept in Vietnam the necessary inconveniences of conducting America's first war on the Asian mainland.²

By the 1980's a very different America had emerged. Its military power, driven from Southeast Asia to offshore bases and enclaves in Japan, Korea, the Indian Ocean and West Germany, was less than one-fourth the world's arsenal and was apparently unable even to assure the strategic invulnerability of the United States itself. Its economic power had been reduced to well under one-fourth the world's GNP, and its official development assistance amounted to one-third of the total given by the Western world. Moreover, its multinational firms, besieged by a host of competitors, placed only 47 of their members in the ranks of the world's top 100 firms. Its leaders, retreating steadily through concepts of burden sharing, pentarchy, regional powers and a developed world directorate, had arrived with some bitterness at a defiant willingness to preserve liberty and its allied values only in the United States and its immediate neighbors. And its scholars, painfully probing the lessons of Vietnam, had constructed, with more grateful relief than regret, a vision of the United States as at best an "ordinary country" in the world.³

As America's global preeminence diminished Canada's expanded, less because of Canada's impressive growth performance than because a retreating United States gave countries like Canada a voice more likely to be heard amid the American din and more of the burden of world order to bear. During the 1970's, objectively based compilers of national capability in the international system put Canada as high as the fourth, but seldom beneath the eighth, most powerful country in the world.⁴ During this time, Canadian military expenditures

remained constant at about 1 percent of the world's total, while Canada's official development assistance to the third world grew steadily to become the fifth largest in absolute terms among Western countries. But nowhere was Canada's increasing strength more apparent than in its bilateral relationship with the United States.⁵

A NEW RELATIONSHIP

Canada's growing national capability led Canada and the United States to readjust their relationship profoundly. The condition and atmosphere of the "special partnership" that had long characterized their relationship experienced a progressive erosion in three stages from 1968 to 1980.⁶ The first stage, from 1968 to 1972, was a period of adjustment to the United States as it coped with the dilemmas of its own Vietnam-driven decline. During the second stage from 1972 to 1976, both countries adjusted to the shocks delivered by an international system in which no single state or combination of states was sufficiently powerful to define a new order. And the third stage beginning in 1976 and extending to 1980 saw a process of adjustment to a new order collectively defined and managed by a concert in which Canada was a full, coequal participant.

The 1980's brought new strains to this process of readjustment and launched both countries on the fourth, most difficult phase. With the election of President Ronald Reagan in November, 1980, the potential for bilateral disagreement expanded enormously. President Reagan shifted the United States sharply rightward and focused United States foreign policy on confronting the "evil empire" of the Soviet Union, approaching third world issues as a by-product of the East-West challenge, and reducing government intervention in the economy and the domestic affairs of the United States. With a new majority government mandate from the Canadian electorate in February, 1980, Pierre Elliott Trudeau led Canada with renewed enthusiasm on its traditional leftward course: seeking to maintain a genuinely multilateral consensus within the Atlantic Alliance, leading the international effort to foster a productive North-South dialogue with the third world, and intervening in the Canadian economy to secure the resources to meet these responsibilities abroad.

The decline of America's industrial base and public infrastructure coincided with a growing expansion of Canadian direct investment and exports to the United States. Thus Canada was forced to deal more aggressively with the cascading series of protectionist measures emanating from the United States Congress, state governments and, occasionally, the Reagan administration itself, and the Canadian government felt compelled to intervene more directly and forcefully in the American debate, with a more vigorous program of congressional and public diplomacy.

Given these deeply rooted divergences, it was not surprising that the Trudeau-Reagan period opened with a

²George Liska, *Imperial America* (Baltimore: Johns Hopkins University Press, 1968).

³Richard Rosecrance, ed., *America as an Ordinary Country* (Ithaca: Cornell University Press, 1976).

⁴Ray Cline, *World Power Trends and U.S. Foreign Policy for the 1980's* (Boulder, Colorado: Westview Press, 1980). See also Peyton Lyon and Brian Tomlin, *Canada as an International Actor* (Toronto: Macmillan, 1979).

⁵Charles Doran, *Economic Interdependence, Autonomy, and Canadian-American Relations* (Montreal: The Institute for Research on Public Policy, 1983).

⁶For a full account of the "special partnership" and the details of this threefold progression see John Kirton, "Canada and the United States: A More Distant Relationship," *Current History*, vol. 79 (November, 1980), pp. 117-120, 146-149.

bilateral crisis.⁷ On entering office President Reagan was responsible for three actions widely disliked in Canada: he withdrew from the Senate the east coast fisheries and maritime boundary treaties that had been negotiated in good faith between the executive branches of the two governments; he unleashed a vehement campaign aimed at modifying or eliminating key features of Canada's new National Energy Policy and Foreign Investment Review Agency (FIRA); and he began a disruptive year-long review of the American approach toward the United Nations' Law of the Sea negotiations, negotiations that represented a vital Canadian national interest and in which Canada had been in the vanguard for the past decade. Canada stood firm, deflecting the boundary treaty and FIRA dispute to the multilateral forums of the International Court of Justice and the General Agreement on Tariffs and Trade, and it refused to make major concessions in the National Energy Policy.

After a 1981 Ottawa visit from President Reagan the climate improved. The two countries renewed and extended their bilateral agreement for the cooperative air defense of North America. The Canadians recognized that the President's free trade and noninterventionist principles provided them with a powerful ally in combating the congressional protectionism deployed under the slogans of "reciprocity" and "fair trade." And the Canadians, taking advantage of the President's deep commitment to a "North American accord" among the United States, Mexico and Canada, were able to initiate a process of political consultation on emerging problems in the Caribbean.

These early improvements did not prove durable. Bilaterally, the Reagan administration was consistently intransigent, refusing to move toward the joint action required to cope with the serious problem of acid rain. Below North America, Canada was left in shocked incomprehension that the United States could invade the tiny, sovereign fellow Commonwealth state of Grenada without regard for the costs of this action for its vital security interests in Europe, the third world, Latin America and Central America. And beyond the North American continent Canada struggled valiantly, and on the whole vainly, to stem the systematic American retreat from global responsibility and influence, represented most recently by the United States lack of generosity in funding the International Development Association, its proposed withdrawal from UNESCO (the United Nations Education, Science and Cultural Organization), and its refusal to sign, even after an eleventh-hour compromise, the United Nations' Treaty on the Law of the Sea.

ADJUSTING TO THE EUROPEANS

The demise of America's global preeminence, hastened by the economic and energy shocks of 1971 and 1973,

⁷For a more complete treatment of the "crisis" see Stephen Clarkson, *Canada and the Reagan Challenge* (Toronto: James Lorimer, 1982).

inevitably gave the relationship between Canada and the major European powers a new relevance. Traditionally, Canada's European character and its ties with the old continent were profound. Politically the tie was reinforced by the fact that, unlike the United States, Canada had fought in two European world wars, fully and from the start. This integral commitment to Europe had been extended in the postwar period when Canada took the lead with the British and Americans in creating the North Atlantic Treaty Organization (NATO), put armed forces permanently in NATO's continental European theater, and strove persistently to fashion a genuinely multilateral alliance with political, economic and social as well as military functions. Intellectually, Canada's European-ness reached new heights in 1968 with the election of Pierre Elliott Trudeau as Prime Minister, an individual whose francophone, Catholic background and partly European education provided a perspective quite different from the Anglo-American conceptions and preoccupations that had previously prevailed in the Prime Minister's office.

Yet Trudeau assumed office at a time of considerable strain in the Canadian-European relationship. Britain's overtures for entry into the European Community and the growing cohesion of that body threatened to deprive Canada of its traditional political, economic and social point of entry into the European system. The deep, crisis-ridden cold war between Canada and France, caused by French President Charles de Gaulle's aid and comfort to Quebec separatists, froze Canada's natural link to the continent. And Trudeau himself, recognizing the global relevance of Canadian foreign policy, urged his countrymen to redirect their attention from the Atlantic community to new challenges in China, the Pacific, Latin America and Africa. When he withdrew one-half of the Canadian armed forces from Europe in 1969, Canada seemed to be deliberately repudiating its traditional ties with the old continent.

It took the economic shock of August 15, 1971, to create the new Europe and the new Canadian-European relationship, both characterized by the significantly diminished role and relevance of the United States. President Richard Nixon's trade surcharge and exchange rate demands challenged the Canadians, Europeans and Japanese equally and, not surprisingly, they began to band together to confront the now threatening United States. Canada's primary response came in its autumn 1972 "third option" policy, an important part of which was to diversify Canada's relations with the United States by developing economic, political and social ties with the major European states. This thrust was codified bilaterally in 1976, with the signing of a formal "contractual link" between Canada and the European Community.

Although most Canadians remain unconvinced by these initiatives, the thrust of the third option policy has been a striking success. Economically, it has halted the increasing concentration of Canadian trade with the

United States that had become so pronounced in the 1960's, and it has done so despite formidable disincentives: the loss of preferential access to the British market when the latter joined the European Community in 1973; the exchange rate fluctuations that made it much easier to export to the United States in the late 1970's; and the severe and persistent recession and attendant protectionism in Europe in the 1980's. Militarily, Canada's reassociation with Europe took more traditional forms, as Canada purchased modern German tanks for its European contingent and pledged with its NATO allies in 1978 to increase real defense spending by 3 percent annually (it has proved to be one of the most faithful allies in meeting this target). In the energy field, Canada's traditional objective—generating a multilateral alliance with economic functions—was finally achieved with the creation of the International Energy Agency in 1974 and Canada's continuing commitment to supply oil to the continent if necessary.

As important as these developments are, the depth and durability of the new Canadian-European relationship is ultimately grounded and expressed in three processes taking place well outside the traditional multilateral Atlantic community framework, with its strong American anchor. The first is the creation of Canadian-European cooperation in the vital fields of high technology, especially where Canada's postwar international link had previously been almost entirely confined to the United States. While one might cite such ventures as Canadian-Italian cooperation to build and sell nuclear power reactors in the third world and Canadian-German development of a helicopter-manufacturing capability in Canada, the clearest achievement has come in the field of space. Since the early 1970's, Canada has forged an ongoing relationship with the European Space Agency, which currently includes almost one-third of Canada's efforts in outer space research and exploitation.

A second process has been Canada's ability to penetrate the united European Community and develop special bilateral relationships with the major European powers, notably France and Germany. With France, the open antagonisms of the de Gaulle era have been replaced by a close harmony between Trudeau and French President François Mitterrand, which has been most evident in discussions at recent Western economic summits on issues of exchange and interest rate policy and on the approach to Central America and the third world. And with West Germany, a special bilateral consultative procedure established with former Chancellor Helmut Schmidt has endured into the regime of Chancellor Helmut Kohl, and has been enriched by the intense Canadian-German cooperation underlying Trudeau's peace initiative.

The third and most important development has been Canada's experience at the annual summits of the seven principal powers in the non-Communist world, whose countries collectively account for about one-half the

world's production and trade. Begun in 1975 as a French and German initiative, the summit institution has grown to provide a periodic and permanent forum in which the West's leaders can reliably harmonize perspectives and policies on a full range of economic and political problems, replacing American leadership with a collective management. Within this framework, Canada has progressed from the status of a late and initially insecure entrant to the position of full unquestioned membership, enabling it to participate coequally in discussions and exercise selective leadership in defining the common agenda and guiding the collective consensus.

Although not invited to the initial gathering, Canada joined the group at its second meeting in Puerto Rico in 1976. Both President Gerald Ford of the United States and the Japanese leadership had found it desirable to have an additional non-European perspective represented at the gatherings; the Europeans themselves offered little resistance, recognizing that Canada's economic weight approximated that of the United Kingdom and Italy and was substantially more than that of any other non-summit state in the Western world. In Puerto Rico and during subsequent meetings in London in 1977 and Bonn in 1978, Prime Minister Trudeau, sometimes with the aid of President Jimmy Carter, succeeded in injecting into the collective discussions such distinctive Canadian concerns as the world wheat trade. From that point onward, the North American character of Canada's membership and contribution quickly dissipated. At Bonn, Canada and Japan raised the difficult political issue of aircraft hijacking and Trudeau, encouraged by West German Chancellor Schmidt, returned to Canada and introduced a program of austerity in government expenditures to fulfill the summit consensus. At Tokyo in 1979, Prime Minister Joe Clark, despite his inexperience, performed fully and creditably as the summit partners produced specific commitments to deal with the broader political issue of global energy prices and supply. At Venice in 1980, Canada was at the center of discussions between the United States and Europeans on the response to the Soviet Union's invasion of Afghanistan, the North-South dialogue, and Indochinese refugees.

The culmination of Canadian participation came in the final session of the first round of summits, held in Ottawa in the summer of 1981. Using Prime Minister Trudeau's summit experience and his discretion as host of the gathering, Canada was able to shift the process from one of negotiating the specifics of communiqués to

(Continued on page 226)

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According to the author, two major concerns of Canadian defense policy are: "To what extent can Canada influence the management of East-West relations and to what extent can Canada contribute to international peace and stability?"

Canadian Defense: The Genesis of a Debate

BY R. B. BYERS

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IN early 1984 there were indications that defense might emerge as a major item on Canada's public policy agenda.* This would lead to discussions concerning Canadian defense policy, Canada's commitments to the North Atlantic Treaty Organization (NATO) and the extent to which Canada can fulfill its commitments, issues that could emerge as significant factors in the next federal election which must be called before February, 1985.

The Canadian defense debate—if it should emerge—would represent an ironic turn of events. Historically, except in times of crises, Canadians have not paid sufficient attention to questions of international security and, more particularly, have tended to ignore the extent to which Canadian defense efforts can contribute to peace and stability. In fact, Canada has adopted an activist and internationalist posture in world affairs. Nevertheless, Canadian governments have not placed Canadian defense concerns in the context of the broader international strategic environment.

For most of the post-1945 era there has been basic continuity in Canadian defense policy under both Liberal and Conservative governments. Successive governments have adopted the position that Canada's security is best enhanced by participation in NATO and by active cooperation with the United States in the defense of North America. Since both Liberals and Conservatives have agreed, there has been no serious debate since the late 1960's about Canada's contribution to international security.

While criticisms of Canadian defense policy appeared during the 1970's, the Canadian government has not issued a White Paper on Defense since 1971.¹ Successive Liberal administrations and defense ministers have refused to table a detailed statement of Canadian defense

and security concerns despite calls from the non-government community. The administration of Pierre Elliott Trudeau has never produced a detailed statement on Canadian defense; thus the Liberal government has conveyed the impression that Canadian defense is a "non-agenda" item.

DEFENSE NEEDS

Most Canadian strategic analysts argue that successive Liberal governments have tended to downplay the importance of Canadian defense and the contribution that Canada could and should make to the Western alliance.² Critics point out that over the last 15 years Canada has contributed—on average—only 1.8 percent of its gross national product (GNP) to defense, has allowed equipment replacement programs to lag, and has not paid sufficient attention to the abilities of the Canadian armed forces to fulfill their commitments to NATO. In response, the Liberals argue that as of the mid-1970's the decisions to reequip the Canadian armed forces—to acquire Leopard tanks, the long-range maritime patrol aircraft, CF-18's and the patrol frigates—indicated an upgraded priority for defense. Nevertheless, the replacement rates have remained at a minimal level and would not be able to fulfill government-designated roles and missions.

In the current debate over international security, Canadian defense issues have not been sufficiently addressed. This is apparently in keeping with the Canadian approach to national defense. The 1979 Conservative government focused its attention on the organization of defense forces and took no concrete steps to reassess defense policy. Since the late 1960's there has been a peculiar detachment on the part of Liberal governments on defense-related issues.

If this is true, why are Canadian defense issues apparently isolated from broader international security concerns? First, it is important to take into account the priorities and orientation of the Liberals with regard to international affairs. On balance, successive Liberal governments have not tried to utilize Canada's defense efforts to increase Canadian leverage in international affairs. To some extent, this reflects a Liberal establishment view

*The author would like to thank Michael Slack, Research Coordinator, York Programme in Strategic Studies, for his assistance.

¹See Gerald Porter, *In Retreat: The Canadian Forces in the Trudeau Years* (Ottawa: Deneau and Greenberg, 1978).

²R.B. Byers, Margaret Macmillan, Jacques Rastoul, Robert Spencer and Gerald Wright, *Canada and Western Security: The Search for New Options* (Toronto: The Atlantic Council of Canada, 1982).

that links between defense and foreign affairs should not be explicitly utilized in order to enhance Canadian interests abroad.

The Liberal government has argued that, as a loyal member of NATO, Canada is meeting its commitments and that defense issues need not emerge as major agenda items. The government's decision to give strong support to NATO's 1979 two-track decision to deploy United States Pershing 2 and cruise missiles (in conjunction with its reequipment program) has allowed it to press this argument. In effect, the Liberal administration appears to have made a decision—if not explicit at least implicit—to separate Canadian defense issues from broader strategic questions currently on the international agenda.

It should be appreciated, however, that no opposition party has been particularly interested in Canadian defense. The New Democrats, for all intents and purposes, have no coherent defense platform and in general have paid no attention to defense issues. Nor do the Conservatives have the interest and expertise to address Canadian defense concerns. In the main, Conservative spokesmen seem to be more concerned with the structure and organization of the Canadian armed forces than with issues relating to Canadian defense policy. In effect, therefore, both opposition parties have been standing on the sidelines, watching the international debate emerge without taking Canadian defense issues into account.

Similarly, for most of the 1970's and into the early 1980's the Canadian media have not addressed Canadian defense in any systematic or comprehensive manner. There has been intermittent discussion, but on balance coverage has been dismal. The *Toronto Globe and Mail*, which claims to set the public policy agenda in Canada, virtually ignored Canadian defense during the 1970's.³ Not surprisingly, therefore, Canadian discussion of defense issues has been minimal.

Historically, Canada has been perceived as a nonmilitary power by both the government and the general public. Thus the government and the attentive public

tend to accept the view that Canada should not participate in the debate over the major military-strategic issues of the 1980's; successive Canadian governments have, at best, assumed a secondary role in the international debate on the strategic environment.

Another factor limiting the Canadian debate on defense is the role of the general public.⁴ Despite increased public interest in international peace and security—particularly in the debate over nuclear weapons—there has been no corresponding tendency to relate this debate to Canadian defense. For example, while cruise missile testing has emerged as a major policy issue in Canada, it has not produced any major discussion of Canadian defense commitments.

TRUDEAU'S PEACE INITIATIVE

Nonetheless, it is important to ask why and under what circumstances defense may emerge as an issue in the next election. The impetus for the current degree of interest has been the recent peace initiative undertaken by Prime Minister Trudeau,⁵ despite the fact that the Prime Minister has not been interested in Canadian defense per se. Furthermore, he did not intend to raise Canadian defense issues in the context of the peace initiative. Early in his mission, there was no discussion of Canada's role in the Western alliance nor of the Canadian contribution to international security. In effect, the Prime Minister continued the Canadian tradition of failing to integrate defense into the broader strategic context.

It should be acknowledged, however, that Canadian governments have usually argued that defense must be integrated with Canadian foreign policy. This position was clearly articulated by Prime Minister Trudeau in 1968 and found its most explicit expression in the 1971 white paper on defense. *Defence in the 70s* pointed out that:

Defence policy cannot be developed in isolation. It must reflect and serve national interest, and must be closely related to foreign policy, which the government reviewed concurrently with defence.⁶

In practice, however, this has not been the case.

At higher political levels in the Trudeau administration the relationship between defense and foreign policy has not been sufficiently appreciated. Thus it was no surprise that Prime Minister Trudeau's peace initiative did not include an assessment of the role of Canadian defense commitments as part of its mandate. Nevertheless, Canadians may no longer discuss Canadian defense issues in isolation from broader international security issues and concerns.

Some analysts have argued that Canada's defense problem is the lack of a problem,⁷ because there is no direct and separate military threat to Canada. Geographically, the United States and Canada share a contiguous region; any attack on Canada would constitute an attack on the United States, because the development and deployment of nuclear weapons has all but eliminated the probability of a direct conventional military

³R.B. Byers and Michael Slack, "Where is the Agenda? Media Coverage of International Affairs and the Attentive Public," in Don Briggs and Don Munton, eds., *The Media and Foreign Policy* (Toronto: Canadian Institute of International Affairs, forthcoming).

⁴R.B. Byers and Don Munton, "Canadian Defence, Nuclear Arms and Public Opinion: Consensus and Controversy." Paper given at the annual meeting of the Canadian Political Science Association, Vancouver, June, 1983.

⁵Trudeau's peace initiative has involved extensive travels and discussions with NATO leaders, with third world leaders, with members of the Warsaw Pact as well as the leadership in the United States and the Soviet Union. For an analysis of the peace initiative see R.B. Byers, ed., *Nuclear Strategy and the Superpowers*, *Polaris Papers*, #3 (Toronto: Canadian Institute of Strategic Studies, 1984).

⁶*Defence in the 70s* (Ottawa: Canadian government, 1971), p.1.

⁷For example see testimony by M. Michael McGwire before the Senate of Canada, Subcommittee on National Defence, March 23, 1982, Issue Number 25.

attack on the North American continent. In essence, the American nuclear umbrella provides for the security of Canada, and without an independent nuclear deterrent Canada cannot insure its own security. Finally, the United States is primarily responsible for North American security and thus will take whatever measures are deemed appropriate to ensure its own security.

These views may be valid, but they fail to take into account the fact that Canadian security is primarily a function of the soundness and effectiveness of American national security policy. Moreover, given the nature of the Western alliance and the interrelationship between American and European security, Canadian national security rests on the extent to which a credible military deterrent exists in Europe. In the final analysis, European security relies on the viability and credibility of American deterrence, primarily nuclear deterrence. The circle becomes complete as Canadian and European security become intrinsically intertwined.

Canadian defense becomes extremely complex because it must take into account the range of security concerns that are raised by both Americans and Europeans. When NATO consensus is the order of the day, Canada's defense concerns are less likely to become major issues. Thus, during the early 1970's the pursuit of international security via the two-stream approach of defense and détente outlined by the 1967 Harmel Report** was an appropriate cornerstone of Canada's approach to international security.

As of 1984, the Canadian government remains committed to the two-stream approach.⁸ However, changes in the international strategic environment have raised serious questions about the management of East-West relations and how the superpowers conduct their bilateral relations. Consequently, like many Americans and Europeans, Canadians are not sure that international peace and security are being enhanced, given current trends in the strategic environment.

In effect, two major issues must be addressed: first, the management of East-West relations in the context of the current political-strategic environment; second, the impact of that military-strategic environment on international peace and security, i.e., how to ensure stability and avoid war—especially nuclear war. It is at this point that Canada's position and role with respect to defense becomes important.

To what extent can Canada influence the management of East-West relations and to what extent can Canada contribute to international peace and stability? Since the

**Commissioned by a NATO study group.

⁸Canada, Minister's statement, *Defence Estimates, 1983/1984*, March 15, 1983.

⁹Karl Kaiser et al., *Western Security: What Has Changed? What Should Be Done?* (New York: Council on Foreign Relations, 1981).

¹⁰For an overview of Soviet-American relations see R.B. Myers, ed., *The Canadian Strategic Review, 1982* (Toronto: Canadian Institute of Strategic Studies, 1983).

beginning of the decade it has been clear to most observers that no consensus exists within the Western alliance on the management of East-West relations. Nor would it be realistic to expect that NATO members would be able to reach agreement, given the events of the late 1970's and the early 1980's. NATO has retained consensus with respect to the 1979 two-track decision; but this has required a major effort. And if deployments continue and no agreement is reached on nuclear arms reductions, the 1979 decision could unravel very quickly. At the same time, on most other issues there has been no agreement in the Alliance on how to deal with the Soviet Union.⁹

There has been an obvious spillover from the political-strategic environment into the military-strategic.¹⁰ The arms buildup on the part of both the United States and the Soviet Union has continued. The American nuclear modernization program has been more visible. Continuing debates over the deployment of the MX missile, the Trident D-5 II, stealth technology, cruise missiles and so on have all contributed to varying assessments of Western military requirements. In addition, the emphasis on developing new military technologies for outer space has profound implications for change in the military-strategic environment. President Ronald Reagan's "Star Wars" speech of March 23, 1983, indicated that the United States would pursue more vigorous research and development in this area, and his most recent United States defense budget reflected this priority.

While Soviet nuclear modernization has not produced any major shifts in the Soviet strategic inventory, new deployments have taken place over the past several years. The deployment of the SS-19 ICBM (intercontinental ballistic missile) continues, along with further deployments of D-III SSBN's (nuclear powered ballistic missile submarines), while the Typhoon class SSBN has been test-firing the SS-N-20. Furthermore, SS-20 deployments have continued; and with the breakdown of the INF (intermediate-range nuclear force) talks, increased deployments of SS-21's, 22's and 23's seem to be the order of the day. Furthermore, the Soviet Union has been testing an ALCM (air launched cruise missile) in conjunction with the new long-range Blackjack A bomber.

The argument between the United States and the Soviet Union over the relative balance of nuclear forces remains inconclusive. Nevertheless, each side accuses the other of attempting to achieve military superiority—particularly in terms of strategic and Eurostrategic nuclear systems. The balance, of course, can be variously measured and each side employs different perspectives to show that the other is attempting to achieve nuclear preeminence. If current trends continue, the military-strategic environment will become less stable.

The military-strategic environment has also been adversely affected by the lack of progress in the arms control area. From the outset, the prognosis for reaching agreement between the United States and the Soviet Union in the post-Afghanistan invasion period was not

propitious. When President Reagan assumed office, he made it clear that arms control negotiations would not be a priority. In part because of NATO pressure, however, the INF talks were initiated in November, 1981, at Geneva and were followed in the spring of 1982 with the Strategic Arms Reduction Talks (START).

Both sets of negotiations remained deadlocked from the outset, because neither party appeared to be interested in a meaningful agreement. In addition, UNSSOD II (the second United Nations Special Session on Disarmament) was a failure and no progress has been made in the committee on disarmament on either a comprehensive test ban or a chemical warfare treaty. This situation deteriorated even further with the Soviet Union's walkout from the INF and the START negotiations in response to NATO's deployment of GLCM's and Pershing 2's.

To some extent, Alliance disagreement involves differing perceptions of the Soviet Union as a political system, as a military power and in terms of its ultimate objectives. In the United States, President Reagan came into office determined to advocate a hard-line position toward the Soviet Union. In its extreme form this led him to characterize the Soviet Union as "the focus of evil in the modern world." Since early 1984, his tone has been less harsh and may indicate a greater willingness to reopen a meaningful dialogue with the Soviet Union.

Soviet statements have been equally harsh with regard to the Reagan administration and American policy. To describe the Americans as the major imperialistic force in the world does little to ensure a reasonable dialogue. Furthermore, there have been indications that during the regime of Soviet President Yuri Andropov the role and influence of the Soviet military tended to become more important. Whether this situation will continue during Konstantin U. Chernenko's reign remains unclear. Yet the new Soviet leadership initially indicated a desire to reopen the dialogue with the United States.

Unfortunately, the Reagan administration has given the impression that all is well in East-West relations. In effect, the United States has asked its allies to hang tough, declaring that if the United States can reassert its position of preeminence in the world then American and Western security objectives can be achieved. This claim has been made in an environment where a number of NATO governments and an increasing number of Europeans and North Americans have expressed serious reservations about the state of East-West relations.

In some respects, the management of East-West relations has become central to the Canadian debate on international peace and security. Not surprisingly, no consensus has emerged, and the Liberal administration has given conflicting signals with regard to the political and military-strategic environment.

Several statements by the Department of National Defence and the Department of External Affairs are in line with the views of the Reagan administration. For example, on January 14, 1982, the minister of national defence, in an address to the Conference of Defence Associations, stated that Soviet leaders want

peace, but this has not prevented them from using force. The record shows that they will take what they want by force, as they have done in Afghanistan; and they will keep what they have by force, as they have done in Hungary, Czechoslovakia and East Germany. And we are concerned about events in Poland.

In a similar vein, in his March 15, 1983, statement on *Defence Estimates, 1983/84*, Defence Minister Gille Lamontagne noted that:

The Soviet leaders will continue nevertheless to have available to them military means with which to exploit instability and seek political leverage in areas important to Western security. Since they will continue to be unable to compete successfully with the West in ideological and economic terms, the Soviet rulers' temptations to use, or threaten the use of, military power to gain political advantage will persist.

Trudeau's world view is apparently at variance with those of some of his ministers and senior officials. For example, in his address at Notre Dame University in South Bend, Indiana, on May 16, 1982, the Prime Minister made a plea

for greater understanding between East and West. The mood of confrontation that exists today has given rise to an unprecedented level of public anxiety. . . . We are worried by the deployment of SS-20's in Eastern Europe. But we are also worried about statements in the United States about the "survivability" of nuclear war, about "demonstration explosions" and first strike scenarios.

The response of some United States officials to Trudeau's South Bend address was not positive. Yet East-West developments, as well as intra-NATO problems, reinforced the Prime Minister's view that steps had to be taken to change the direction of East-West relations. Despite his plea at UNSSOD II in June, 1982, neither superpower was interested in pursuing either the strategy of suffocation or the policy of stabilization advocated by the Canadian Prime Minister.¹¹

At the Williamsburg Summit in May, 1983, East-West relations and arms control emerged as major issues. On this occasion, the Prime Minister argued strongly for an accommodation with the Soviet Union and for the handling of East-West relations in a less confrontational manner. According to reports, he clashed with British Prime Minister Margaret Thatcher, and even though the May 29 declaration of security at the Williamsburg Summit indicated a commitment to arms control, it was clear that Trudeau's view did not prevail.

The Williamsburg Summit was followed by a meeting of international foreign policy specialists at Montebello, Quebec in August, 1983. On that occasion, Canada was pressed to pursue a more activist policy vis-à-vis East-

¹¹R.B. Byers and Stanley C.M. Ing, eds., *Arms Limitation and the United Nations*, Polaris Papers, #1 (Toronto: Canadian Institute of Strategic Studies, 1982).

Viet relations. But on September 1, 1983, when the Soviet Union shot down a Korean 747 airliner, resulting in 269 deaths, East-West political relations dropped to their lowest level since the Soviet invasion of Afghanistan.

This series of events led Trudeau to request the Department of External Affairs to establish a task force that would focus on de-escalation of East-West tensions. Trudeau's peace mission was made public on October 27 in an address at Guelph University:

I am deeply troubled by an intellectual climate of acrimony and uncertainty; by the parlous state of East-West relations; by a superpower relationship which is dangerously confrontational; and by a widening gap between military strategy and political purpose. All these reveal most profoundly the urgent need to reassert the preeminence of the mind of man over machines of war.

The Prime Minister advocated inserting "a 'third rail' of high-level political energy" into the East-West debate. In effect, many of Trudeau's efforts have been aimed at developing a strategy of political confidence-building. This approach constituted a departure from that advocated by the Reagan administration and set Canada apart from Washington.

U.S.-CANADIAN DIFFERENCES

Canadian-American disagreement regarding the management of East-West relations includes differences about the military-strategic environment. For many years there has been an ongoing debate in the West over the appropriateness of American and NATO military doctrine; over the question of what capabilities are required—nuclear and conventional—to enhance Western and international security; on how to ensure the viability of extended deterrence within NATO; and over what resources should be allocated to defense.

The major dispute, however, has involved complex and divergent approaches to Soviet-American nuclear relations. There are major divergences of opinion regarding the appropriate doctrine and capabilities required by the West and, more specifically, whether or not it is necessary to pursue doctrine and capabilities that reflect a war-fighting approach to deterrence, particularly nuclear deterrence. This debate has been particularly acute in the United States, where there have been prolonged and detailed analyses as to whether or not strategies involving protracted nuclear war and/or limited nuclear options are feasible. On balance, there has been a convergence between American and Soviet doctrine; the former has increasingly advocated the traditional Soviet war-fighting approach to military strategy. In the process, the tendency toward deploying an increased number of nuclear systems with counterforce capabilities has fueled the debate over American and Western security.

From the Canadian perspective, Prime Minister

Trudeau's address at Guelph noted that "military strategy must, above all, serve a comprehensive set of political objectives and controls, which dominate and give purpose to modern weapons and to military doctrine." This constituted a challenge to existing NATO and American strategy. The Prime Minister expressed concern about the excessive Western reliance on nuclear weapons and the implications of the strategy of flexible response. Apparently, Trudeau privately raised these issues with the NATO allies; but he did not advocate them publicly as a component of the peace initiative.

At the end of January, 1984, at a European Management Forum symposium in Davos, Switzerland, Prime Minister Trudeau publicly questioned the viability of flexible response. Former French Premier Raymond Barre was asked whether or not

the President of the United States in answer to an overrunning of Europe by conventional Soviet forces, will want to start World War III, an atomic war? You have to believe that, in order not to have a credibility gap.¹²

Barre refused to respond on the grounds that any response would publicly question the credibility of NATO's strategy.

Within Canada, members of the Conservative party disapproved of Trudeau's query. Nevertheless, the issue has been widely debated in both government and non-government circles for several years.

Part of the irony of Trudeau's approach was that the Canadian government has not addressed the question of deterrence in a consistent and systematic manner—either from a nuclear or conventional perspective. The most detailed discussion of Canada's view of deterrence remains that put forward in the 1971 defense white paper. The white paper correctly pointed out that

each side now has sufficient nuclear strength to ensure devastating retaliation in the event of a surprise attack on the other, and thus neither could rationally consider launching a deliberate attack.

Since the early 1970's, trends in the strategic environment have made the stability of mutual deterrence a major security issue. The government acknowledged this problem in *Defence 1981* but offered no detailed analysis of how stable deterrence should be maintained.¹³ The March 15, 1983, statement by then Defence Minister Lamontagne, presenting the defense estimates, made no systematic attempt to assess the Canadian view of deterrence requirements. In that document, the Canadian government indicated only that the government and NATO would continue to rely upon deterrence and made

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¹²*Toronto Star*, January 30, 1984.

¹³Canada, Department of National Defence, *Defence '81* (Ottawa, 1982).

The Canadian public's attitude toward nuclear weapons deployment and testing is similar to that of the West Europeans. According to the author, two phenomena stand out: "One is mounting public concern over the threat of a nuclear confrontation. . . . Closely related to the fear of nuclear war is a relatively new but widespread, clear and unmistakable conviction that the world's nuclear arsenals are too large."

The Canadian Winter of Nuclear Discontent

BY DON MUNTON

Director of Research, Canadian Institute of International Affairs

THE current conflicts within the North Atlantic Treaty Organization (NATO) over strategy and weapons deployment have exacerbated long-standing concerns about a divergence of Europe and "America."* Geography places West Europeans on the same land mass as the Soviet Union while North America is far removed and separated from both by a large ocean; this situation has always plagued NATO military strategy and its internal politics. The troubles arising from the 1979 NATO "dual-track" decision to pursue modernization of United States-made intermediate-range nuclear weapons in West Europe while attempting to reach an arms control accord with the Soviet Union also reflect geopolitics.

That the two member countries from North America have in common only the commitment to defend distant allies and to maintain troops abroad leads many observers in the United States and Europe—and some in Canada—to assume a strong commonality, if not an identity, of policies and perspectives on the part of Washington and Ottawa. Although in the past public and elite opinions among alliance members have not attracted as much attention as they have recently, a corresponding commonality in this respect between Canada and the United States is often assumed. The internal debates in both countries in the late 1960's and early 1970's concerning reductions in their respective troop commitments, for example, seemed to bear out this perception of closely similar public attitudes.

*Data used in this article were kindly supplied by the Canadian Institute of Public Opinion, the York University Institute of Behavioural Research, and Social Surveys Ltd., the U.K. Gallup affiliate. Part of the costs incurred in the 1982 CIIA survey discussed herein were covered by a special grant from the Arms Control and Disarmament Division, Department of External Affairs. The research project of which the present study is a part has been generously supported by grants from the Donner Canadian Foundation and the Social Sciences and Humanities Research Council of Canada.

¹See for example James Eayrs, *In Defence of Canada: Growing Up Allied* (Toronto: University of Toronto Press, 1980).

²The survey results cited here are largely from a past press release obtained directly from the Canadian Institute of Public Opinion (CIPO), a Gallup affiliate.

A thorough analysis of Canada's NATO policies and the processes by which those positions and tactics were decided nevertheless shows that Ottawa and Washington often disagree on specific issues.¹ If Canadian governments usually went along for the sake of alliance unity, it was sometimes in spite of, not because of, the views of Canadian officials. Canada was seen as reluctant and even irritating or disgruntled, particularly by some American officials. Its more general image, particularly in the eyes of Europeans, was essentially that of an "American" participant, seldom diverging substantially and even less often publicly from the United States position. Little in the available evidence on postwar public opinion in Canada suggested anything but a strong consensus behind the principles and broad purposes of NATO.

But it would be a mistake to infer from this that current public attitudes are a mirror image of those in the United States. Indeed, on specific foreign policy and alliance-related questions the present mood of Canadian public and elites has striking parallels with the more visible concerns of West Europeans. These parallels suggest in turn that factors other than merely the geographic or geostrategic are influencing the opinions of the NATO country publics.

Since the late 1940's, according to national polls, the vast majority of Canadians have regarded "Russian communism" as a threat or a danger to the West and, at least until the mid-late 1960's, most felt that "Russian" claim that it wanted peace and an end to the cold war were insincere.² Most Canadians believed that Canadian defense forces should be maintained or strengthened. To a slightly lesser degree, they supported NATO and the maintenance or strengthening of Canadian military forces in Europe. A majority opposed an allied withdrawal from Germany "under any conditions"; almost all were either absolutely opposed or willing to support Western withdrawal only if the Soviet Union withdrew from East Europe. On Canadian-United States joint defense arrangements, about two in every three Canadians consistently approved not only the merger of effort like the North American Air Defense Command (NORAD) but an even greater degree of integration. Or

arms control and disarmament issues, an overwhelming majority opposed unilateral Western disarmament. About 9 in every 10 Canadians agreed that the Soviet Union should stop nuclear testing. Only a small minority (about 1 in 10) felt that the United States should not conduct further tests even if the Russians did. Less than a year before the Partial Test Ban treaty, two-thirds of all Canadians thought the United States should continue testing if the Russians did. In similar proportions they opposed a "general disarmament treaty" unless inspection was "so careful that there [was] little risk of cheating."³

Notwithstanding this consensus on Canada's orientation and basic Western policies, it is possible to discern in the early 1960's the root of later public support for coexistence with the Soviet bloc and for the process of détente. In some respects these roots were relatively strong. A majority or near-majority of Canadians appeared to regard a peaceful settlement of differences with the U.S.S.R. as possible. Only a minority (about 1 out of 4) thought a major war was inevitable or that a peaceful settlement was impossible. Much larger proportions approved of developing commercial relations with Communist countries. Most disagreed with the argument that disarmament agreements should not be signed with the U.S.S.R. "as long as it remains Communist." By late 1962, Canadians were more or less evenly divided on the question of whether arms reduction agreements would actually work. Earlier polls showed largely negative expectations.

By late 1971, fully two-thirds of the Canadians were saying that it would be a "good thing" for Canada and the Soviet Union to work together more closely. Less than 1 in 5 disapproved. In other respects as well, détente received broad support.

Canadians today seem no less committed to the alliance than they were in previous decades. A substantial majority—more than 7 out of 10 of those with an

³John Paul, Jerome Laulicht, and George Strong, *In Your Opinion*, Vols. 1 and 2 (Clarkson, Ont: Canadian Peace Research Institute, 1963).

⁴The survey, conducted during the spring of 1982 by the Canadian Institute of International Affairs (CIIA), asked a range of questions about current international problems, particularly arms control and disarmament, of the Institute's 3,000 members across Canada and abroad as well as of members of the Canadian Institute of Strategic Studies and other groups. The results reported here are based on an analysis of over 1,000 returned questionnaires. (If this were a random sample of Canadians the results would be expected to be accurate within plus or minus 3 percent, 95 times out of 100.) For further results of this survey see Don Munton and Michael Slack, "Canadian Attitudes on Disarmament," *International Perspectives* (July/August, 1982), pp. 9–12; Don Munton, "Public Opinion and the Media in Canada from Cold War to Détente to New Cold War," *International Journal*, vol. 39, no. 1 (Winter, 1983–84), pp. 171–213. While "attentive publics" of the kind surveyed here generally have a good understanding of NATO purposes, significant numbers in mass publics have difficulty explaining these purposes (see CIPO press release, November 30, 1968).

opinion—oppose withdrawal from NATO and NORAD and a move toward "neutrality," according to a Canadian Gallup poll in 1976. (When a somewhat different question was asked in 1960 about becoming "a neutral nation like Switzerland" because of Canada's "geographic position and problems of defense in the event of a nuclear war," the results were almost identical.) In a recent survey of attentive publics conducted by the Canadian Institute of International Affairs,⁴ Canada's multi-lateral and bilateral alliance ties were even more strongly supported (by over 80 percent). The survey showed that Canadians attentive to international affairs overwhelmingly favored strengthening or maintaining their conventionally armed military forces in Europe. Only about 1 in 10 preferred force reductions and a similar proportion advocated outright withdrawal.

THE CRUISE MISSILE CONTROVERSY

The Canadian public first became aware of a proposal to test the guidance system of the United States cruise missile over northern Canada in March, 1982, when the story was leaked from Washington by two Canadian reporters. The report created a "news flap." Opinion-makers quickly divided. Some, like the prestigious *Toronto Globe and Mail*, supported the testing on the grounds that Canada's alliance commitments required it; others, supported by the country's largest paper, the *Toronto Star*, argued that any such cooperation was contrary to Canada's non-nuclear stance and violated the spirit of its position put forward by Prime Minister Pierre Elliott Trudeau at the 1978 United Nations Special Session on Disarmament.

The cruise missile in question is the Boeing-manufactured air-launched version (designated the AGM-86B). Although not the same version as the General Dynamics ground-launched cruise (GLCM) now being deployed in five allied European countries (the United Kingdom, the Federal Republic of Germany [West], Italy, Belgium and the Netherlands), the missiles to be test-launched from United States Air Force B52's over northern Canada utilize the same guidance systems as the European-based GLCM's. A technical need to overcome the difficulties posed for the so-called "TERCOM" navigational system by stark, snow-covered terrain—difficulties that would be encountered, for example, over Siberia—made the Canadian test location highly desirable. Given the north to south direction of the missiles in these tests, another advantage might be the opportunity to test North America's own defense radar systems.

Although Canadian opinions on the cruise issue were undoubtedly surveyed privately for the governing Liberal party during 1982, the first public national survey was not conducted until December. A slim majority of Canadians—52 percent—opposed the tests; just under 4 in 10 (37 percent) supported them. Disapproval was higher than approval in all major regions of the country, in small as well as large communities, in all age groups, and for

**Table 1: Canadians' Attitudes on the Cruise Missiles
(in percent)**

	Dec. 1982	Jan. 1983	July 1983	Dec. 1983
Approve	37	40	44	43
Disapprove	52	50	48	47
Don't know/ not available	11	10	8	10
Total	100	100	100	100

Source: Breakdowns provided by the Canadian Institute of Public Opinion; *Toronto Star*, February 12, 1983.

both official language groups. The poll also showed, however, that many Canadians were still unaware of the proposal and the subsequent controversy. Despite the publicity more than 4 in 10 (42 percent) acknowledged that they had not "heard or read anything about negotiations going on between Canada and the United States for the testing of U.S. cruise missiles in the Cold Lake area of Alberta." Even more significant to many observers was the fact that the level of support for the testing was significantly lower among those who were previously unaware of the issue. (On the other hand, the extent of opposition was about the same in both groups; the previously unaware group had higher levels of uncertainty or contained more individuals with no opinion.) A repeat of these questions a few months later showed very similar overall results (see Table 1).⁵

In the following months, Canadian officials continued discussing the cruise proposal with their American counterparts and the seemingly reluctant Trudeau Cabinet continued to deny it had already agreed to the testing. The nature of its eventual decision, if ever in serious doubt, was nevertheless foreshadowed by an unusual open letter in June, 1983, from the Prime Minister to the Canadian public. Trudeau argued in part that Canada could either accept its alliance commitments and allow the tests or withdraw from NATO and NORAD. The spring of 1983 also witnessed an extraordinary level of public and group activity, most of it in opposition to the position of the Canadian government and the nuclear policies of its Western allies, especially the United States.

^{**}On March 5, 1984, the first air-launched cruise missile tested in Canada was transported by a United States Air Force B-52 bomber, which took off from a base in North Dakota and flew a 1,500-mile corridor over the Northwest Territories, the Beaufort Sea, and then south over northeastern British Columbia and Alberta's Primrose Lake air weapons range near Cold Lake Air Force base; the plane did not land nor was the missile fired in Canada.

⁵*Toronto Star*, February 12, 1983. The wording of the December and January questions was: "The United States wants to use a northern Canadian area because the guidance system must be tested in an arctic-like climate. In the proposed test, the cruise missiles would not have either conventional or nuclear warheads. How do you feel about this testing? Do you think Canada should or should not permit the United States to test these missiles in its territory?" Only the first sentence was changed, to reflect later events, in subsequent surveys.

For many protesters, the cruise and its testing in Canada became a central symbol of the nuclear arms race. Easter and then autumn protest marches were held in most major cities. Between 60,000 and 70,000 marched in Vancouver alone in what was called the largest political demonstration in Canadian history. "Refuse the Cruise" became, if not a household phrase, probably as well-known a slogan as "Ban the Bomb." As a result of such activity, many observers anticipated that opposition to the cruise testing would grow. But the next Gallup Poll suggested the opposite.

Conducted in early July, shortly before the government officially announced its widely expected positive decision, the poll showed increased public support (up to 44 percent) and a slight decrease in opposition (down to 48 percent). The differences were slight, however, almost within the margin of sampling error. In any case, apparent shifts in a six-month period were arguably not so great as might have been expected, in view of the fact that the government's policy direction had been clear to reasonably attentive members of the public and that support for foreign policy action tends to increase in the wake of government approval. No substantial shift toward greater consensus in favor of the cruise missile tests emerged. In late 1983, more Canadians still disapproved of the tests than approved. The latest poll further revealed that almost 9 of every 10 Canadians were aware of the issue. While the small minority who had not heard of cruise missile testing tended strongly to oppose it, those who had recently become aware of the issue did not tend to be supporters. Indeed, some estimates suggest that about as many of the recently informed were opponents as proponents. Thus, before the first air-launched cruise missiles tested were actually launched in March, 1984,** the Canadian public remained split into roughly two groups of equal size; one supported and the other opposed the tests.

Canadian discontent over the cruise missile has parallels in Britain and continental Europe, although there, of course, the major issue is not whether ALCM's ought to be tested in any particular country but whether GLCM's and Pershing 2's should be deployed. The British public opposed basing "American-controlled cruise nuclear missiles" there by roughly a 2 to 1 margin in 1982. While the size of the majority disapproving may have dropped off slightly through 1983, support for this British-based component of the overall INF (intermediate-range nuclear force) modernization program remained at about one-third of the same electorate that resoundingly returned staunchly pro-INF Prime Minister Margaret Thatcher. (By way of comparison, the British public had earlier been even more strongly opposed, by a margin of more than 3 to 1, to "American-made neutron bombs [being] stored in Britain.") The pattern of attitudes is similar in most West European NATO countries. The German and French publics are split pro and con on the deployment of the cruise and Pershing 2 missiles while the

Norwegians, Italians and Dutch are more negative.⁶

European publics may not give much support to the tactics of the demonstrators at Greenham Common or in the streets of cities in Germany, the Netherlands and elsewhere, but many clearly share their concerns. At the same time, there remains, as in Canada, a substantial consensus in favor of NATO. While some polls suggest rather substantial minorities supporting a more neutral Europe, the meaning of these results is not clear. Perceptions of a Soviet military threat remain high. What, then, might account for the perhaps surprising extent of opposition in Canada to testing the cruise and in West Europe to deploying it along with Pershing 2 missiles?

MOUNTING PUBLIC ANXIETY

Two phenomena stand out. One is mounting public concern over the threat of a nuclear confrontation. The degree of public worry about nuclear weapons and war has undoubtedly increased and probably exceeds that of the early 1960's. Canadians' expectations over the 1970's on whether the chances of nuclear war are greater or less than they had been 10 years earlier show a strong trend toward ever broader agreement that the chances of war are increasing (see Table 2). The proportion answering "greater" doubled between 1971 and 1975, and then doubled again between 1975 and 1982. Today, a majority of Canadians say that the odds are more than 50:50 that there will be a world war within a decade. This mounting public concern has been a response to and a cause of the apparently recent rediscovery by the mass media of the nuclear issue. It is also presumably a response to a general trend in the 1970's of increased East-West tension, particularly Soviet-American tension.

A factor closely related to the fear of nuclear war is a relatively new but widespread, clear and unmistakable conviction that the world's nuclear arsenals are too large. In the pre-détente period most Canadians perceived the "Russians" to be "ahead of the West" and believed that, in order to prevent war, the West should increase its military capabilities. The present dangers, many Canadians say, stem not from too little Western strength but from too much nuclear weaponry on both sides. In the CIIA survey, less than one-fourth (21 percent) believed Canada's security would be enhanced by increased Western arms levels. Almost three-fourths (71 percent) said security would be enhanced if all countries' arms levels were reduced. A strong connection is seen between arms levels and the chances of a nuclear war; those most concerned about war strongly want arms levels reduced. A key symbol for many Canadians advocating the cause of stopping the nuclear arms race is the cruise missile.

⁶British data are from the *Gallup Opinion Index* (published by the United Kingdom Gallup affiliate), August, 1981, and January-February, 1983.

⁷See Table 3. The size of the "neither" group is particularly significant because these responses were entirely volunteered by respondents. See CIPO press release, May 30, 1983.

Table 2: Attitudes on the Chances of a Nuclear War, 1979-1982 (in percent)

	1971	1975	1979	1980	1982
Greater	17	33	52	62	65
Same	19	17	16	14	14
Less great	54	42	23	19	17
DK/undecided	10	8	9	5	4
Total	100	100	100	100	100

Note: In the 1971 and 1975 surveys, the question referred to "atomic war."

Source: CIPO press releases.

Another attitude that underlies current opposition to the development and deployment of new nuclear weapons is a far more negative perception of American policy and leadership than there was two decades earlier. At that time, both the public and most elite groups tended to blame the Soviet leaders for East-West problems; few ascribed fault to the United States. But asked in 1982 who was responsible for the demise of détente, CIIA respondents overwhelmingly pointed to both the Soviet Union and the United States. Asked who was responsible for the lack of progress in arms control and disarmament talks, over 8 out of 10 said both superpowers. And asked whether they believed Soviet and American leaders genuinely wanted disarmament, most said neither did, but actually slightly more were skeptical of United States than of Soviet motivations. A recent national survey showed fewer than 1 of every 2 Canadians found President Ronald Reagan more credible on nuclear arms limitation issues than the late Soviet President Yuri Andropov; almost as many chose Andropov or said that neither was credible.⁷ Particularly striking was the response of a sizable minority to a question on the CIIA survey: "Looking ahead to the next year or so, which country do you think will be the greatest threat to world peace?" The choice of answers provided on the questionnaire was China, the Soviet Union, and "other." A bare majority (51 percent) chose the Soviet Union. Less than 1 percent of respondents chose China. Even more surprisingly, 21 percent chose the "United States."

These more negative perceptions reflect an uneasiness about the current administration in Washington. Ronald Reagan evokes little enthusiasm among Canadians. A July, 1980, CIPO poll asking who Canadians would like to see elected United States President showed Jimmy Carter leading Ronald Reagan by more than a 4 to 1 ratio (53 percent to 12 percent). President Reagan's unfavor-

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"Pierre Elliott Trudeau will not be Canada's next Prime Minister. His years in office have produced their share of failure, frustration and even contradiction. But on balance they have been years of forward movement . . . toward a more humane and more nationally spirited community."

Contemporary Canadian Politics

BY HENRY S. ALBINSKI

Professor of Political Science, The Pennsylvania State University

THE incumbent Canadian Liberal government will face an election by early 1985, without the leadership of Prime Minister Pierre Elliott Trudeau, who plans to retire before the election. In Canada as elsewhere, elections and leaders come and go. But speculation about whom the Liberals will select to replace Trudeau, and in turn how the party will be directed in the remainder of this century, can be seen as a commentary on contemporary Canada's temper, condition and political agenda. With the exception of a brief, nine-month interregnum in 1979–1980, Trudeau has been Prime Minister since 1968. That is not quite a Canadian record, but it does suggest the measure of Trudeau's inheritance.

Over time, Trudeau identified the major areas of Canada's domestic life he hoped to have a favorable and long-term impact on. One was the fostering of greater Canadian economic, cultural and even political autonomy. A related area was Canadian unity. A third was the extension of individual and group rights. Finally, Trudeau hoped for more equitably distributed opportunity and wealth for Canadians. These goals are unexceptional for a Canadian political leader. When viewed more closely, however, most of these concerns are rather distinctively as well as perennially Canadian, and most are not susceptible to quick and easy management by any constellation of leaders or parties.

Canada's national political scene is dominated by two major parties, the Liberals and the Progressive Conservatives (PC), with the Liberals usually the more successful. At least one smaller party ordinarily turns in a respectable electoral performance. But even if numbers in the House of Commons deny an absolute majority to the Liberals or the Conservatives, the practice has been a Liberal or Conservative minority government rather than a coalition. The present party situation in Ottawa conforms to traditional patterns. Apart from the 1979–1980 interregnum, when Joe Clark led a minority Conservative government, the Liberals have been in office since 1963. The Liberals have led the Conservatives in popular votes in all seven elections since 1963, including the election of 1979. In the last election, held in February, 1980, the Liberals won an absolute House majority and stood 11 percent ahead of the Conservatives in the popular vote.

The New Democratic party (NDP), Canada's third party, collected nearly 20 percent of the vote, but gained only 32 seats in a 282-seat House. At the provincial level, again not uncommon to Canada, the party situation is far more mixed. Indeed, as early as 1984 not one of Canada's 10 provinces was governed by the Liberals. Seven were led by the Conservatives; the NDP governed in Manitoba, Social Credit in British Columbia, and the Parti Quebecois (PQ) in Quebec.

This synopsis describes Canada's organized political life in several significant ways. The two major mainstream parties represent the effective alternative governments of the country. Second, while the long-term Liberal advantage is attributable to various factors, perhaps the single most impressive is the party's commanding position in Quebec, Canada's second most populous province. In 1980, the Liberals won 74 of Quebec's 75 House seats, overshadowing the heavy Conservative domination in the four provinces west of Ontario, where the Liberals could muster only two seats against 57 for the Conservatives and 27 for the NDP. Thus, while Ontario and the Atlantic provinces have been relatively competitive, the lopsidedness of Quebec and western electoral outcomes has reflected very different outlooks and preferences in two regions of a diverse and in some respects a low consensus national community.

The condition of the federal NDP also implies some political lessons. Under a simple, "first past the post" electoral system the NDP has consistently been penalized, gathering a considerably larger share of the popular vote than its representation in the House of Commons. This has greatly simplified the establishment of unified, major party governments in Ottawa. It has also meant that a social democratic alternative, represented by the NDP, has not been able to leap into a position of genuine national influence. The source of NDP electoral support has in itself further accentuated regionally dispersed voting habits. The party has a reasonable federal following only in the west and in Ontario.

The provincial scene is indicative of related trends. "Third" parties have frequently been strong and have even been entrenched in government for years at a time. They have been able to concentrate on provincial issues

and/or on special cultural proclivities. This has been especially true in Francophone Quebec and in the western provinces. In the latter, protest politics enjoy a long tradition; there is resentment of Ontario and Quebec's "down east," economic and political strength and their alleged neglect of western interests; moreover, their populations are derived from diverse European stock. The willingness of electorates to vote one way federally and another provincially—including switching between the main parties—has in part been a reflection of the weakness of federal parties. Not only Canada's cultural and economic pluralism but also federalism impedes strong national parties. The Canadian provinces are extremely powerful. Strong provincial party machines are by contrast commonplace, and provincial parties are not the reliable partners of their federal counterparts. The electorate often ascribes more salience to provincial than to federal politics. Federal-provincial relations are affected by who governs in Ottawa and in the provincial capitals, but party congruence or noncongruence matters far less than it does in a more tightly articulated party and less diffused federal system like the Australian or German.

Electorates are fickle, and Canadian party fortunes have been known to shift sharply and rapidly. As of early 1984, however, the opinion polls indicated a commanding lead for the Conservatives. The party was showing marked improvement over its 1980 election performance in every section of the country, including Quebec. Trudeau's reception within his own party was unenthusiastic, fueling speculation as to whether the date of his resignation would leave enough time for his successor to narrow or overcome the Conservative lead. The NDP was at this writing running poorly, having slipped behind its 1980 vote count in every Canadian region.

TRUDEAUMANIA

It is helpful to assess the broader implications of these electoral trends to reveal something of the mood of the nation and of current directions in public policy, and thereby to serve as a framework for an assessment of Trudeau's legacy.

A preliminary comment is in order about Trudeau himself as he moves into retirement. The salad days of the brilliant, trendy, bilingual who generated "Trudeaumania" in the 1968 election are gone. Trudeau remains a remarkable man; but he is now in his sixties and is probably overexposed. He has governed longer than Chancellor Konrad Adenauer did in Germany or than President Charles de Gaulle in France. Right or wrong, the public no longer sees his mystique, or subscribes to his personal vision of Canada. Whether the Liberals as a party can surmount an image of staleness remains to be seen.

Canadian parties have devised complex procedures extending well beyond their parliamentary party members to select (and evict) leaders. In 1983, Conservative

leader Joe Clark felt that his party had not invested him with a sufficiently large mandate. He therefore called for the convening of a leadership convention. After several ballots, Clark was replaced by Brian Mulroney. Even though the Conservatives already stood ahead of the Liberals in the polls, there was an undercurrent of doubt about Clark within his own party. Criticism lingered about his judgment while he served briefly as Prime Minister. Clark had also failed to unite a Tory caucus notorious for its quarrelsomeness, and while he was perceived as amiable and conscientious, he was also seen to be weak.

Mulroney is 44 years old—virtually the same age as Clark—but projecting a fresh and confident image. Literally, Clark's chin is weak; Mulroney's is strong. Mulroney was selected without any prior legislative experience but with a reputation for political astuteness. While not dogmatic, he is more sympathetic to some of the neoconservative trends in his party than Clark, again suggesting a refurbished political tone. And, while Clark persevered and made himself competent in French, Mulroney is a bilingual Anglophone from Quebec, the first Conservative leader from that province in nearly a century. Mulroney is no more committed to reconciliation between Anglophone and Francophone Canada than Clark was.

But his Quebec immersion gives him and the Conservatives an added edge. As Mulroney has often pointed out, Quebec contains one-fifth of Canada's population and in the 1980 election produced over half the Liberal seats in the House of Commons, taking all but one of Quebec's federal seats. Nationwide, of the 102 seats with a Francophone population of at least 10 percent, the Liberals captured all but two. Such a Liberal head start makes it extraordinarily difficult for the Conservatives to make up ground elsewhere in the country. Hence Mulroney's appeal as a challenger.

Issues aside, an NDP lament is that in the face of revived Conservative vigor and its attractive new leader, NDP leader Ed Broadbent and his associates are not taken seriously enough as an electoral alternative. Among other considerations, the current relative strength of Canadian parties, where leadership images are playing a prominent role, further reflects on the weakness of the federal parties. The electorate continues to regard the two main parties as not very different, nor does it feel that one or the other is inherently better qualified to handle an issue as vital as the economy.

IDENTITY

Another Canadian preoccupation is the question of national identity; Canada lacks a strong, nationally bonding heritage. Its geographic dispersion and cultural and linguistic pluralism have spawned subcultural particularism and intense provincial claims. The enormous influence of the United States has, except in a negative reactive sense, deflected pan-Canadian nationalism and has

limited autonomous Canadian choices. Under Trudeau the Liberals have addressed these issues in the best interests of Canada; but they are also anticipating electoral benefit. They have undertaken a host of measures designed to blunt the bombardment of American electronic media and other information and cultural influences and have promoted indigenous Canadian materials and cultural exposition. For the most part, these measures have been accepted and have not been a source of partisan friction.

There has been less agreement over measures tailored to limit the scale and influence of the United States economic presence. Among the highlights of the Liberal program was 1973 legislation for tighter screening of foreign investment, and measures were taken in 1980 that produced the National Energy Policy to promote Canadianization in this field. Both these programs have in practice been diluted. American investors and indeed the United States government found aspects of them objectionable and exerted pressure for relief. But the basic reason for the dilution was that rising unemployment and sluggish economic performance in Canada by 1982 seemed to dictate that nationalist priorities had to be placed in more modest perspective as outside capital was again actively sought.

A number of provinces were displeased with being subjected to what they regarded as constraints on their growth potential. The Conservative party was skeptical about some of Trudeau's more ambitious moves, and in 1980 staged a celebrated boycott of Parliament until the government struck a deal to present the National Energy Policy in separate rather than omnibus legislative form. While the Conservative action was regarded by some Canadians as overdramatic, it was symptomatic of the party's desire to paint Trudeau as a brash, dictatorial leader.

Economic nationalism is by no means dead as a Canadian political issue. Should they achieve office, Mulroney and the Conservatives are not likely to dismantle the NEP as such. But recent signs suggest that the Liberals have become somewhat milder on economic nationalism, and a Mulroney-led Conservative party is even more inclined to be so and in fact favors policies that would draw Canada closer to the United States economically. The NDP complains of a sellout by the major parties, but it has been unable to mobilize public opinion.

PATRIATION OF THE CONSTITUTION

While Liberal economic programs have been scaled down and have fallen far short of attracting support across the national political spectrum, Trudeau has taken particular pride in a political accomplishment whose promotion was animated by nationalism: the "patriation" of Canada's constitution in April, 1982.

Canada's constitutional framework was previously subsumed under the British North America (BNA) Act of 1867, periodically amended. Until 1949, all amendments

to the BNA Act required the formal approval of the British government. As of 1949, some sections of the Act, but not the critical ones dealing with such subjects as the distribution of federal-provincial power, were patriated to Canada. The 1982 action completed the patriation process. Incorporated into the process were two new features of the constitution; an entrenched Charter of Rights, and a specified method of constitutional amendment.

The full patriation of the constitution had been delayed for decades by Canada's own inability to agree on a suitable mode of amendment. Successive federal-provincial negotiations broke down, mostly but not entirely because of Quebec's intransigence on safeguarding its interests. The success of 1982 had itself almost come to grief both over proposed amendment procedures and over terms of a rights charter as they might bind provinces. At various times, criticism of Trudeau government proposals sprang from nearly all provincial governments. A frustrated Trudeau considered asking the British government to approve a patriated constitution on whose terms the provinces had not been able to agree. The Conservative opposition depicted this as still another sample of Trudeau's hamfistedness, and popular opinion opposed unilateral patriation by Ottawa. In an advisory opinion, the Supreme Court of Canada stated that while mere approval by a Liberal-controlled Parliament would satisfy the narrow legal requirement for patriation, it would contravene the firm Canadian constitutional convention that required "substantial consent" from the provinces before any major constitutional change.

Ottawa and the provinces eventually struck a bargain on the terms of the document that went forward to Britain for patriation. Trudeau was ecstatic. After more than a century, Canada finally had a national constitution. It was to be a "new spring." But the result was actually less than he had anticipated. The provinces demanded and received a clause wherein even constitutionally entrenched Charter rights can be overridden by special action of a provincial legislature. The new constitutional amending process was itself made stringent, requiring parliamentary approval plus approval by the governments of at least seven of the ten provinces that together contain at least 50 percent of Canada's population. A veto by Ontario and Quebec alone can therefore block any amendment. Even if an amendment is duly passed, a province can still elect to override its effect, but in doing so it forfeits eligibility for financial compensation. The separatist Parti Quebecois government in Quebec did not sign the original patriation compact. It has proceeded to opt out of various Charter provisions and has tried—unsuccessfully—to persuade the courts that, by custom, it is entitled to a "liberum veto" as part of the amendment process.

Canada's national pride may have been enhanced by the final act of patriation. But patriation was achieved only after exceptionally hard political bargaining; it deliv-

ered less than Trudeau wished; and it is still held in contempt by the government of Canada's Francophone province.

CHALLENGE FROM QUEBEC

Trudeau's efforts at fostering a wider and deeper Canadian nationalism have in part been aimed at defusing separatist sentiment in Quebec, which arguably has posed the single most severe Canadian challenge in memory. Since 1976, Quebec has been led by the Parti Québécois under René Lévesque. The party's argument has been that membership in a largely Anglophone Canada threatens Quebec's language and cultural interests, subjects it to undesirable economic domination and/or distortion, and prevents it from realizing its potential as a political entity. Lévesque has played his legal and economic cards to distance himself from Ottawa and has thereby made the taxing job of federal-provincial accommodation even more exasperating. The separatist issue peaked in 1980, during a provincial referendum that asked whether the Quebec government should negotiate with Ottawa over terms leading to Quebec's sovereignty, but retaining various forms of voluntary association. All of Canada's federal parties have opposed Quebec's separation, and federal as well as provincial Liberals entered the referendum debate.

The referendum failed by a three-two margin, and did not gain a majority even among Francophones. While the PQ went on to win another electoral mandate in 1981, its political fortunes have fallen precipitously. An election held in early 1984 would have overwhelmed the PQ and reinstated the provincial Liberals, whose leadership has been returned to Robert Bourassa, the province's premier until 1976. Reasons for the turnabout in PQ fortunes vary. Trudeau and the federal Liberals have made serious efforts to conciliate Quebec and especially to promote opportunities for Francophones in and outside the province. Many Quebecois who once voted for the PQ now find a party that has lost its originality, zeal and charm. In various ways the rights of the Quebecois to conduct business in their own language and to enjoy a flourishing culture have been assured; yet there is a feeling that the PQ has been unreasonably severe in its handling of Quebec's Anglophone minority.

Despite its position as a socioeconomically progressive party, the PQ has recently alienated an important sector of the trade union movement. Quebec's tax burden remains the highest of any Canadian province, yet Quebec has gone through very trying economic times and the government has been blamed for frightening business out of the province. The separatist appeal has always been only one cause for the PQ's popularity and is now probably supported by no more than ten percent of the population. As the party struggles over how to portray its separatist plank at the next provincial election, opinion polls disclose that the vast majority of the electorate is looking first and foremost to improved federal-Quebec

relations. A Bourassa Liberal government would by no means forsake the essential French rights that have been won over recent years, but it would not hold Ottawa hostage to Quebec independence. The prospective appearance of the Parti Nationaliste, a purely Quebec-oriented group that promises to contest the next federal election, will probably not upset the prediction that the Mulroney-led Conservatives will improve their standing in Quebec.

Separatist sentiment in Canada has been by far the most prominent in Quebec, but it has also found its way elsewhere. Where it has surfaced, it has in part been stimulated by the Quebec phenomenon. In 1977, the Parti Acadien was founded in New Brunswick, its aim being a separate, carved-out province for the 250,000 Francophones who represent 40 percent of New Brunswick's population. But the party's fortunes have fallen badly; running candidates in only a handful of provincial seats, it received four percent of the vote in 1978, and only one percent in 1982. The causes of its failure are many, but they include a willingness on the part of the province's established party leadership to extend further privileges to the Francophone minority.

The PQ's separatist agitation in Quebec also evoked a response in Canada's west, but that response was hostile to French demands. Western Canada has long felt neglected, exploited, or simply misunderstood by the large eastern provinces and their establishments, and the region traditionally spawns both political protest and protest parties. The Trudeau Liberal government has been perceived with particular suspicion as a government led by an eastern, Quebec-based intellectual who is bored by western grievances and intent on coddling Quebec and the Francophones. Official federal bilingualism policies have been adamantly derided in western Canada, where Francophones are few and a spirit of independent thinking runs high.

In 1982, in the face of Conservative and NDP objections, the Trudeau government enacted legislation to restructure the Crow's Nest Pass freight rates. Since the end of the nineteenth century, the "Crow" was a system of abnormally low railway shipping rates available to western grain farmers. The system's abolition, however logical, was widely interpreted as meddling in a sacrosanct western privilege. The Trudeau government also found itself at loggerheads over energy costs and taxation with Alberta, Canada's most prolific producer of oil and gas. Much bitterness preceded the eventual Ottawa-Edmonton energy deal, with Albertans and many other westerners interpreting Ottawa's behavior as insensitive to regional interests.

Separatist feelings thus found some following in the west. Quebec's separatist movement was not its precipitant, but it reinforced notions that Canada might be on its last legs—either because Quebec was going to exit, or because Quebec would be bribed into remaining. Western separatist sentiment has, however, been vague about

its aims, including whether there should be a new nation of the four western provinces, or separate status for each, especially Alberta. The Western Canadian Concept has favored the former formula. It emerged as recession was starting even in energy-rich Alberta, and the Concept's leader won an Alberta by-election in 1982. But the party has undergone severe internal quarrels and was routed in Alberta and Saskatchewan general provincial elections, both won by Conservative parties determined to stand up to Ottawa. Western separatism does not endanger Canada's national integrity. But it is interesting that such sentiments should surface at all. The nonseparatist provincial parties are regarded as adequate vehicles for the articulation of grievances vis-à-vis the federal government, and especially a government reputed to have favored a very different sector of the Canadian community.

THE CHARTER OF RIGHTS

Among Trudeau's aims for Canada has been his wish to leave behind a society where individual and group values and a climate of justice could flourish. Canada's historical development has produced a more cautious and less individualistic political culture than that of the United States. Authority has been more influential. Trudeau did not set out to remake Canada's value system, but he was aware that the curve was toward personal latitude and away from easy acceptance of rules and official paternalism. It was Trudeau who remarked that the government had no place in the nation's bedrooms. Reform in such domains is facilitated in Canada because the criminal law falls under federal rather than provincial jurisdiction.

Reforms undertaken during the Trudeau years have included the liberalization of abortion legislation and an Access to Information Act for federal documents and records. As of this writing, stronger "anti-hate" legislation and no-fault divorce laws were being proposed by the government.

But the linchpin of the Trudeau years was the Charter of Rights. A federally applicable, non-constitutionally entrenched "Bill of Rights" was passed in 1960, and all the provinces have adopted some form of rights codes. But the 1982 Charter is a constitutional document binding on public authorities. It is comprehensive, surpassing in scope and detail the relevant American constitutional provisions. Case law has not yet set clear, interpretative directions; but the courts have nevertheless been busy since the Charter's inception, and on balance the lower courts have tended toward private rights-oriented judgments in such domains as privacy of person, arrest procedures, onus of proof and bail. The federal government has been helping to bear the legal costs where it has felt an important principle is at stake.

The Charter has also yielded some unexpected and embarrassing challenges to the government. The most prominent challenge has been mounted by lawyers repre-

senting Operation Dismantle, an antinuclear coalition. The challenge is intended to reverse Ottawa's decision to permit the testing of unarmed cruise missiles by the United States in the Canadian north. Starting from the premise that cruise missiles in the American strategic inventory are destabilizing to the central balance, increase the risk of war, and thereby endanger Canadians, the case has turned on the Charter's guarantee of life, liberty and security of person. The case is presently before the Supreme Court of Canada; the government maintains that the cruise missile issue is exempt from the Charter because it is a political matter, has been decided by the Cabinet, and touches on questions directly affecting the conduct of foreign and defense policy.

The "override" features of the Charter have also caused some complications. As a matter of principle Quebec has chosen to override regularly, although Quebec's provincial civil rights protections have been honored. In a wholly different context, Alberta has threatened override action if the courts find the Charter in conflict with provincial legislation that constrains the behavior of public service employees.

In any event, while Trudeau and much of his record is genuinely libertarian, his governments have been disposed toward a strict line on both national security and organized crime. Trudeau's tough invocation of the War Measures Act during the Quebec emergency in 1970 stands out. And despite the Charter, the Liberal government has been reluctant to forego writs of assistance, which have traditionally allowed police to enter and search premises; the government has tended to allow such writs to remain valid almost indefinitely. In 1981, the McDonald Royal Commission submitted its findings on the uses of domestic security powers, revealing widespread evidence of irregularities by the Royal Canadian Mounted Police (RCMP), including illegal operations committed in the early and mid-1970's. Trudeau was apparently aware of the practices, but failed to stop them. For the most part, the federal government's treatment of RCMP members facing charges of misconduct has been extremely lenient.

In 1982, partly because of the McDonald findings, the government introduced major legislation to codify security operations, proposing to transfer much of the
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"At present, a government commission is investigating Canada's prospects for economic development. . . . Novel insights should not be anticipated, although the recommendations are bound to be thoughtful and responsible. Nor should much impact be expected. Perhaps the 'great public'. . . will learn a little about the facts of economic life. But government policy, as always, will be shaped by rather different considerations."

Canada Emerges from Recession

BY IAN M. DRUMMOND

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LIKE other Western countries, Canada is emerging from the first genuine and serious recession since the 1930's. For a trading nation like Canada, which exports almost 30 percent of a national output that is about one-tenth the size of the American, the recession could not have been avoided: the nation's export markets were depressed, and the slump in the United States, West Europe and Japan was transmitted full force to Canada. In addition, domestic capital formation—building new houses and other structures, installing new plant and equipment—has been depressed. Thus the recession has been made still worse. In terms of the national economic structure, Canada is much like the United States, with a small agricultural sector, a large and prosperous manufacturing sector, and a very large and growing "service sector"—everything from retail trade through education to banking and tourism.

Although living standards are not as high as they are in the United States, on the international scene Canadians are considered "affluent," and ever since the early 1940's they have seen their living standards rise year by year. Meanwhile, the nation has become ever more urbanized; by the late 1970's it was almost as urbanized as the United States. Recession, which first brought living standards down and then produced serious unemployment, was thus a considerable shock. And when only 4 percent of the country's workers are farmers, there can be no question of "back to the land."

The recession naturally produced many debates over national economic policy. The Liberal party, which forms the national government, was prepared to run large budget deficits while maintaining the expenditure programs that had been devised in earlier decades; it did not try to reduce the deficit by raising taxes or by cutting spending in any important way. However, at the same time, the Liberals pursued a variety of "structural poli-

cies," especially with respect to foreign investment, that were much criticized, especially by the Conservative party, the principal opposition group and the party that is generally expected to take power in 1985. The New Democratic party, a semi-socialist group with few parliamentary seats but a great deal of energy, criticized the Liberals for their unwillingness to make credit cheaper and the deficit still larger. The same criticism was heard from time to time both inside the Liberal party and inside the Conservative group.

Professional economists, naturally enough, have enlisted in these debates. To what extent was Canada's recession a piece of bad luck, and to what extent did it result from bad management? In particular, did the government's attitude toward foreign investment make the slump significantly worse?¹

Most Canadians think that the national government has every right to regulate the entry of foreign-owned businesses and to fix conditions governing such entry. Debate has centered not on that question of principle, but on more pragmatic matters: what regulations are necessary and prudent? And what effects do the regulations produce? The issues are of special importance for Canada because in many industries, like petroleum and automobiles, the proportion of foreign-controlled firms is very high indeed, ranging from 50 percent to 100 percent. In few developed industrialized states is the foreign presence so noticeable, or so large in relation to domestically controlled firms. Inevitably, therefore, Canadians have been interested in the question of foreign investment.

But for many years, except with respect to a few sectors like banking and broadcasting, the national government defended an "open door policy." Canada set up a general screening process for new foreign projects—the setting-up of new firms and the takeover of existing firms—only in 1974, with the passage of the Foreign Investment Review Act. At the same time, it became normal to specify conditions—new jobs created, a certain amount of new investment to be undertaken, procurement within Canada, exportation of at least some of the output—which any such projects had to satisfy. These conditions,

¹Statistical information about the performance of the Canadian economy can be found in the *Canada Year Book*, and in *Statistics Canada Monthly*. Descriptions of the policy process appear regularly in the *Canadian Annual Review* (Toronto: University of Toronto Press, annual).

often called "performance criteria," are largely confidential and differ from case to case. Until the 1980's it was apparently not noticed that in defining such conditions the Canadian government might accidentally or deliberately violate some of its international commitments, especially the General Agreement on Tariffs and Trade (GATT). Now that the United States has successfully challenged some of these practices, the Canadian government has promised that it will no longer set conditions that violate the spirit of GATT. Nevertheless, it is to be expected that, for any foreign firm wishing to enter Canada, "performance criteria" will still be a fundamental fact of life.

The regulation of foreign-owned business has proved to be very complicated, and all the ramifications cannot be summarized here. There are special legal arrangements for certain sectors, such as banking and the electronic media, and general controls under the Foreign Investment Review Act do not apply to already established foreign-owned businesses; they are relevant only to new enterprises and to "takeovers." Furthermore, the terms of the act give immense discretion to the regulatory agency known as FIRA (Foreign Investment Review Agency) and to the Cabinet. Thus, for instance, although the act says nothing about publishing, it is FIRA and Cabinet policy to prevent any takeover of a Canadian-owned publisher and to disallow any transfer of ownership if a publisher is already foreign-owned. Since FIRA and the Cabinet decide case by case, there is in a sense an accumulation of case law, so that there are now law firms specializing in "FIRA matters." But neither FIRA nor the Cabinet is bound by precedent, nor need they explain the reasons for a denial or approval.

Most applications to FIRA are in fact approved, but the process is time-consuming and expensive. In the past, would-be investors complained long and loud; but although the government has promised to simplify the process, some costs of compliance are bound to remain. Moreover, when conditions are attached to the proposal, the effect may reduce the payoff from the new investment or takeover. On both counts, therefore, the act reduces the return on financial investment in Canada, so that it must have discouraged some capital inflow. Indeed, the statistics are striking: since the passage of the act, Canada has become a net exporter of capital funds on account of direct investment, and has come to rely far more heavily on borrowing rather than on direct investment. Canadian critics have fastened on the element of discouragement, especially during the current recession.

However, it is easy to exaggerate the importance of the act, the agency, and the Cabinet with respect to foreign investment and the movement of capital funds across the Canadian border. If an already established firm is simply expanding its operations on the same lines as before, FIRA does not enter the picture. Nor has the government tried to regulate the import or export of capital funds since the 1940's. Thus Canadian residents and corpora-

tions can freely borrow or sell stock abroad, and foreigners can freely buy stock, borrow or lend money in Canada without having to ask Ottawa's permission. Canada should not be confused with states in which there is a general control of capital movements. Indeed, it is precisely because such controls are lacking that the Canadian financial system is so closely connected with the larger world. FIRA has done nothing to weaken these links, which have developed rapidly since World War II.

The Conservative opposition has promised that if it comes to power it will reduce FIRA's powers; indeed, the agency itself will probably not survive a Conservative victory. But, for the Conservatives, FIRA does not involve ideology; rather, the party appears to believe that FIRA has made the recession significantly worse, arguing that it has markedly reduced the inflow of capital funds, thereby depressing real capital formation.

Few Canadian economists accept the Conservative argument. Like other countries, Canada has been suffering from a serious cyclical downturn in which all components of capital formation have fallen or have been depressed at the same time. Furthermore, any slump in the United States and Europe is transmitted full force to Canada, through a decline in the external demand for the exports which make up 30 percent of Canada's production. FIRA certainly makes the situation worse, but most of the gloom surely has its roots elsewhere. The investment activities of most foreign-owned businesses do not fall within FIRA's purview. Furthermore, much of FIRA's activity is concerned with takeovers, which may involve financial investment but which need not involve any new capital formation. In discouraging such takeovers FIRA obviously does not reduce capital formation. And in screening "new entrants," FIRA is apparently almost certain to approve any project that involves substantial new capital formation. Its impact, therefore, is restricted to cases where the cost of the FIRA procedures and the conditions that may be attached to approval push a new project into the "unattractive" category. At a time when many other forces are making so many projects unattractive, it is hard to believe that FIRA bears much blame. Similarly, if the Conservatives come to power, the abolition of FIRA might contribute a mite to the recovery that will already be under way, but that mite will be mighty small. If the Conservative party pins its hopes for recovery on the modification of FIRA, it will be disappointed. And so will the country.

THE NATIONAL ENERGY POLICY

Much the same line of argument applies to the National Energy Policy, or NEP, which the Liberal government introduced in 1980 and which the Conservatives promise to alter or remove. That policy involves discrimination with respect to exploration grants according to the ownership of an oil company, with better treatment for firms that can be defined as Canadian-owned. Its introduction coincided with a downturn in exploration

activity, and that downturn has deepened as the general recession has continued. In parallel, the rest of the boom in the oil-producing province of Alberta, which was in large part a construction boom built on oil and gas development, has been sharply deflated.

The NEP was meant to ensure that, insofar as the provincial and national governments did not capture the “unearned increment” or “economic rent” from oil and gas, a larger proportion of the rent would flow to Canadians. Since most of the oil and gas reserves belong to governments, whose receipts cannot be taxed, the ownership of companies is important for federal tax revenues. The government does not seem to have intended that foreign-owned firms would explore less, but that Canadian-owned firms would explore more, so that in time the balance of the industry would shift. In the event, the NEP spawned a rash of takeovers. The result was economic embarrassment for Canadian-owned Dome Petroleum and its bankers, and political trouble for the governments in Toronto and Ottawa, both of which purchased several oil companies. Thus Petro-Canada, which is owned by the national government, bought first Fina and then British Petroleum’s Canadian refining and distribution systems, while the government of Ontario bought a large shareholding in Suncor.

Did the NEP actually discourage exploration? No one knows. Naturally, the foreign-owned oil companies say that they would explore more if they received equal treatment. But many factors have discouraged them, and the Canadian companies have also been discouraged. Oil and gas prices, which in Canada are regulated from Ottawa, have ceased to rise, and the uneasy producers eye a worldwide glut. Recession and conservation are sharply reducing the demand for oil, and one major company has privately forecast that by the year 2000 it will be selling half as much oil as it sold in 1980. Furthermore, thanks to the government’s own rent-capturing activities, there is more uncertainty about payoffs, no matter who owns a firm. Thus there are many reasons for exploration to decline, even without NEP. Finally, Alberta may have suffered in particular insofar as the companies, regardless of ownership, have devoted somewhat more of their efforts to the Atlantic and Arctic waters. The national government, of course, was anxious to encourage such exploration. It has unchallenged control over the Arctic waters, and on the Atlantic coast it maintains that it has similar powers, although it is willing to share control with the provinces, which naturally insist that the offshore oil and gas “really” belong to them.

A Conservative government is likely to abolish the NEP, not so much for ideological reasons as to “stimulate the economy.” There would doubtless be some stimulus. But other factors would be at work, if only because market prospects would be better in a time of expansion than in the recession of 1980–1983.

In any event, the “non-numerate,” a group which numbers most Liberals and almost all Conservatives,

certainly tends to exaggerate the economic leverage from such policies as NEP and FIRA. The Canadian economy is large and sophisticated; exports are large and new capital formation normally occurs on many fronts—in housing, manufacturing, distribution, transportation, and many sorts of public-service activities. It is an error to fix attention on one or two policies, whose effects can only be felt on what we might call “a component of a component.”

Most Canadians tend to follow a traditionally mercantilist doctrine. They believe that exports are good, that imports are bad except insofar as industry must import in order to create an export market, and that foreign exchange reserves are meant to be preserved, like the vital bodily fluids in *Dr. Strangelove*. With respect to export promotion, therefore, the national government has been increasingly active, even frenetic. Of course, a high proportion of Canada’s exports need no promotion. That statement can be made of wheat, where a national sales agency holds large stocks from which it fills overseas orders, and of such items as pulp, paper and nonferrous metals, where prosperity and tariff regulations abroad are what matter. Perhaps the same could be said of the nation’s largest export—cars, trucks, and parts—almost entirely to the United States and deriving entirely from the Autopact of 1965.

Most other manufactured exports involve the further processing of a Canadian natural product, like lumber and plywood, or an imported raw material, like aluminum. This kind of manufacture, strangely enough, leaves most Canadians cold; there is a tendency to deny that it is manufacture at all. Many Canadians seem to believe that only “secondary manufacture,” when the output is more remote from the raw material, really “counts.” Cars and parts are secondary manufactures, of course. And in recent years, glamour has gathered around “high-tech industries,” like helicopters, whose outputs naturally are secondary manufactures par excellence; components for atomic power plants; aircraft; subway cars; streetcars; telephone equipment. A good deal of propaganda has been generated, both by the national government and by the media, with respect to such products. In fact, it is widely believed that only by developing the production and export of “high-tech goods” can Canada remain an industrialized country. Some observers are attracted by the new jobs that high tech can produce. Others concentrate on the potential export earnings.

THE LURE OF SUBSIDIES

The economic historian will recall the development of silk, china and quality woollens in seventeenth century France. These goods, the high-tech products of their time, obsessed the French government. Thanks to lavish subsidies, they quickly turned into exportables. What the French authorities then learned is what Canadians are now learning: if you subsidize heavily enough, you can export anything. Admittedly, some of the nation’s high-

tech goods, like telephone equipment, can compete without subsidy on the basis of price and quality. But others clearly cannot. The national authorities and some provincial governments, therefore, have drifted into a pattern of indirect subsidy which relies partly on the underwriting of development costs, and partly on export credit. The arrangements are justified in all sorts of ways—job creation; science-based industrialization; the need to develop distinctive Canadian products; national pride; finally, of course, the effect on exports and the balance of payments. Jean Colbert, the French statesman of the seventeenth century, would be quite at home in the Ottawa of 1984.

In fact, Canada's commodity accounts are in remarkably good condition. Ever since the mid-1960's the nation has exported more goods than it imports. However, much of the time the "invisibles"—tourism, the transfer of interest and dividends, financial services generally—produce an overall deficit on goods and services, because Canada spends far more on invisibles than it earns. The nation must then borrow anew or draw on its reserves to balance its international accounts. Indeed, from 1950 through 1981, Canada rarely ran a surplus on goods and services taken together—what statisticians call the "current account of the balance of international payments." However, Canada did run a "current account surplus" in 1982, and appears likely to run another in 1983, apparently reflecting the fact that Canada's recession has been deep enough to force imports down in relation to exports. But it also reflects the realignment of the Canadian dollar in relation to the American. In the late 1970's one could usually buy an American dollar with less than 100 Canadian cents; by late 1983, the price had risen to 125 cents.

Having lived with a floating exchange rate since 1970 (and in 1950–1962), Canadians have become sophisticated about the foreign exchanges. It is now widely understood that a "strong currency" is not a symptom of national virility, and that a "weak currency" actually encourages exports and discourages imports—the situation which keeps the mercantilist mind content. Also, it is understood that the Canadian float is a "managed" one, whereby the Bank of Canada regularly buys and sells foreign money in order to affect the level of the exchange rate and its rate of change. There is, furthermore, a widespread if rather oversimplified understanding of the connection between the exchange rate and the pattern of interest rates at home and abroad.

INTEREST RATES

The macroeconomics of the situation, however, are not widely understood. Having pioneered the analysis of the "small open economy," where capital moves freely across the national borders, Canadian economists are frustrated. The source of their frustration is the residual populism that believes that credit can and should be "cheap." The definition of cheapness naturally varies

from time to time, and no one remembers or wishes to recreate the 3 percent nominal interest rates of 1939. But the movements in interest rates matter rather more in Canada than in the United States, because Canada is a nation of mortgaged homeowners where there are no long-term mortgages and mortgage interest is not tax-deductible. Five-year mortgages are the norm, and some mortgages are shorter term. When interest rates go up, therefore, the effects can be devastating, not only for industry but for ordinary householders whose mortgages are "up for renewal." At such times there are always very strong pressures for an artificial cheapening of credit, not only from the semi-socialist New Democratic party but from elements in the two major national parties. The full implications, for an economy like the Canadian, are almost never addressed.

What are these implications? Remember that capital funds move freely across the Canadian border and that there is no recent tradition of exchange controls, which were abolished in 1951. It follows that the Central Bank cannot maintain an independent policy about the cost of credit, which is basically determined by forces in the larger world. If the Central Bank tries to force the cost of credit below this externally determined level, it simply causes the exchange rate to fall; if it resists the fall in the exchange rate, it spends its reserves of gold and American dollars. Domestic credit policy, in other words, has implications for the exchange rate, the reserves, or both, but it cannot cheapen credit within Canada for more than a very few days. Similarly, if the Central Bank wants to resist a cheapening of credit in order to restrain inflation, it will automatically produce an appreciation of the Canadian dollar, an increase in the exchange reserves, or both. Credit policy, therefore, is really exchange rate policy, or reserve policy.

It is by moving the exchange rate, in turn, that credit policy can affect the Canadian price level. The nation exports 30 percent of its output and imports 30 percent of its needs, but in very few products is Canadian policy important enough to affect world price levels. As a first approximation, therefore, Canada has to be labeled a "price taker" on international markets. However, a depreciation of the Canadian dollar implies a higher internal price level, given this external price level, and vice versa. On the other hand, given the internal price level, a depreciated dollar implies a lower external price for Canadian exports, a condition that ought to produce more export sales. Hence the attraction among mercantilists for deliberate and rapid expansion of credit.

Regrettably, a great deal depends on one's beliefs about "fixity" and "changeableness." If credit expansion forces up the domestic price level while depreciating the currency, there will be no gain in export markets. But in sectors where the possibility of export or import really pegs the domestic price level in terms of foreign currency, monetary expansion can indeed affect the levels of imports and exports and thus the level of domestic eco-

conomic activity, through its effect on the exchange rate. However, to keep that rate in such an “unnatural position” the Central Bank has to maintain an “unnatural credit policy”; as soon as it stops leaning against the wind, the exchange rate will return to the “natural” position, and so will the nation’s current account balance.

Just as Canadians have become more sophisticated in their understanding of the Canada–United States exchange rate, so they have come to understand more about other exchange rates. In a world of generally floating rates, it is important to know that although the Canadian dollar has weakened in relation to the American dollar, it has strengthened in relation to almost all other currencies. It is reasonable to suppose that this movement of rates has been one of the forces that have impelled Canada to abandon the so-called “Third Option.” At least, economists would hope so.

THE THIRD OPTION

The Third Option dates from 1972. At that time, in a policy paper, the government set out three options for Canada’s international commercial relations. The first was to continue as before, with a “minimum of policy adjustment.” The second was to strive for closer economic integration with the United States. The third was to seek diversification of trade, not through diversion of goods from American markets but through the cultivation of trade links with other states. Ottawa chose the third of these options; and for a decade its officials and politicians tried to make it effective. The nation’s external representatives concerned themselves ever more with trade questions; even the travels of the Prime Minister were made to serve these ends.

Of course, in characteristic mercantilist fashion, the Third Option was mostly concerned with exports. It would have been easy to diversify with respect to imports, because third world countries were eager to sell a wide range of simple consumer goods, while Japan would happily sell as many cars, trucks and electronic gear as Canadians would buy. More of such imports, however, imperiled jobs and profits in Canada. Therefore, far from encouraging them, Canada applied ever-stricter quantitative controls to imports. In the recent recession, such tendencies were naturally increased. “Jobs are at risk,” a host of parliamentarians and journalists chanted. On the other hand, if only Canada could sell reactors to Romania or subway cars to Singapore, jobs would be created. Perhaps Canada could even sell some manufactures to Japan? But they had better be “high tech,” of course: lumber, coal, and primary aluminum would be second-best, at best.

Some of these efforts may have had some effect. The international market is not so perfect that promotion is always pointless. But there have been few obvious successes, and many disappointments. By applying massive indirect subsidy through the granting of cheap export credits, Canada has been able to sell some urban transit

equipment. With similar or parallel assistance, a few countries have bought Canadian reactor technology and equipment. There have been some exports of sophisticated small aircraft, although the national government has to subsidize the producing companies to keep them in business.

In a general way, the world outside North America has been made more aware that Canada is a sophisticated country which can and does produce a wide range of manufactured goods. But the cost has been high, both financially and diplomatically. After ten years of trying, the government managed to stabilize the structure of the nation’s commodity trade, but it did not significantly change that structure: some 70 percent of Canada’s trade is still with the United States. Furthermore, there have been embarrassments. It is not pleasant to discover that a government agency has been bribing Argentines in order to sell a reactor or two. Nor is subsidized export promotion the obvious and efficient way to create jobs, even in a recession. The tradition of economic thought that descends from John Maynard Keynes would certainly suggest that reflationary action should be tried.

Partly because the federal and provincial authorities were already running large deficits when the recession began, government reflationary action has not been very noticeable in Canada. There has been nothing comparable to the tax cuts and extra defense spending of President Ronald Reagan’s administration in the United States. Opposition journalists and parties have naturally pressed for more government action, while at the same time they complain about the deficits, failing to notice that one cannot have more of the former without having more of the latter. Few have suggested that government deficits will squeeze out private capital formation. This is just as well: the phenomenon, which is often called “crowding out,” cannot occur to any interesting extent in a country like Canada. If government borrowing appears to be pressing on the capital market, borrowers can and will go abroad to find the funds they need. Because the Canadian economy is small in comparison with the economies of the United States, West Europe and Japan, there can never be any real difficulty in doing this. Nevertheless, the national government has sometimes talked as if the size of the deficit is, in some way or another, a barrier to recovery. In fact, recovery is now well under way, even though the deficit is larger than ever.

“MONETARISM”

In the United States, the late 1970’s and the early 1980’s have been marked by the spread of a doctrine known as “monetarism.” This doctrine takes various forms, but it generally asserts that the rate of growth of the money supply is very important; adherents of the

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"Canadian agriculture is, and is apt to remain, a family-farm-oriented industry. . . . "
While the farms are efficient, more attention needs to be paid to "questions of marketing board reform, improved stabilization measures, resolution of grain marketing and transportation issues and the improvement of soil and water quality. The development of a new policy for Canadian agriculture will be no easy matter. . . . "

Canadian Agriculture in the 1980's

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CANADIAN agriculture faces many challenges in the 1980's. As economic pressures continue to induce structural adjustments within agriculture, Canada's larger, capital-intensive commercial farms—overwhelmingly family-based enterprises—must continue to evolve as productive and efficient operations that can compete in national and world markets. Public policy should also be directed more specifically to the many part-time farmers now engaged in agricultural pursuits and to the genuinely disadvantaged small and marginal farmers who make a living from farming.

In addition to recognizing the varying needs of farmers, Canadian agricultural policy must come to grips with government's role in the regulation and support of the Canadian agricultural industry. Improved agricultural policy is needed in several areas: trade liberalization, marketing board reform, strengthened stabilization measures, grain marketing and transportation reform, more effective competition policy, productivity enhancement and environmental improvement.

Among Canada's 25 million people, in 1984 there are 21 non-farm residents for every farm resident.¹ Nevertheless, like the United States, Canada has been experiencing some resurgence of rural, non-metropolitan population growth even as the number of farmers dwindles. In 1982, there were estimated to be nearly 317,000 farms in Canada on a farmland base of over 172 million acres, some 114 million acres of which were improved. Farmland constitutes about 7 percent of the nation's total land area. In 1982 average farm size was 540 acres, ranging

¹The statistical basis for this article rests primarily on Agriculture Canada, Regional Development Branch, *Selected Agricultural Statistics: Canada and the Provinces 1983* (Ottawa: Supply and Services, June, 1983); Statistics Canada, *1981 Census of Canada: Agriculture, Canada* (Ottawa: Supply and Services, 1982); Statistics Canada, Agricultural Statistics Division, *Farming Facts 1983* (Ottawa: 1983); and Agriculture Canada, Marketing and Economics Branch, *Handbook of Food Expenditures, Prices and Consumption* (Ottawa: Supply and Services, September, 1983).

from farms of 200 to 300 acres in Atlantic Canada, Central Canada, and British Columbia, to farms averaging over 900 acres of improved and unimproved land in the prairie provinces.

A harsh northern climate limits most agricultural activity in Canada to the southern part of the country; most farms are within 300 miles of the United States border. Differences in climate, soils and geography have encouraged several types of farming in Canada. (The major farm products are wheat, cattle and dairy products.) Overall, most farms and farming activity are in Ontario, Saskatchewan and Alberta. In Ontario and Quebec, the provinces with the largest populations, agriculture consists of specialized livestock farms (particularly dairy farms but also beef, hog and poultry farms) and grain farms (primarily corn, soybeans and other grains).

The lower-rainfall prairie region of Saskatchewan, Alberta and Manitoba contains three-fourths of Canada's farmland and is far from major markets. This region specializes in wheat, barley and rapeseed (canola) production. Saskatchewan alone produces approximately 60 percent of Canada's wheat, and nearly two-thirds of total farm cash receipts in that province come from wheat. Cattle production and feeding is a major industry on the prairies, particularly in Alberta. There are fewer farms and less agricultural activity in the coastal regions of Canada, although agriculture is important to the regional economies of the Atlantic provinces and British Columbia. In these regions, dairying, poultry, and fruit and vegetable production are the most important farming activities.

CURRENT ECONOMIC TRENDS

Canadian agriculture has declined as a proportion of national economic activity. For example, in 1946 agriculture directly accounted for more than 15 percent of national output and nearly 29 percent of employment;

despite absolute increases in agricultural output, by the early 1980's agriculture directly accounted for only 3.4 percent of national output and 4.4 percent of employment in Canada. This change reflects the process of economic development; as income increases, consumers spend a decreasing proportion of their income on food. This process has included—and has been partly dependent on—the evolution of a modern and highly productive agricultural sector. It is largely a result of the dramatic influence technological change has had on farming.

The development of higher-yielding and more disease-resistant crop varieties suited to the relatively short Canadian growing season has contributed to increases in agricultural output. Other contributions to increased agricultural productivity include improvements in livestock breeding and management, better management of soil resources (like fertilizers and erosion control) and control of agricultural pests. Farm machinery developments, in particular, have enabled more land to be devoted to crop production and have made many farming operations easier and more pleasant.

These and other changes in the Canadian economy have stimulated capital investment in agriculture and have enabled more output from fewer workers. Thus capital (often embodying new technology) has increasingly been substituted for labor. Farms have tended to grow larger and the number of farms has tended to decline. These long-standing trends have continued into the 1980's, albeit at a slower pace in the last decade. The number of farms in Canada, for example, declined from 481,000 in 1961 to 317,000 in 1982. The number of workers employed in agriculture, including owner-operators, fell from 681,000 in 1961 to 465,000 in 1982, with most of this decrease occurring prior to 1973. Agriculture Canada has suggested that there might be 250,000 agricultural holdings in Canada by the year 2000, consisting of 85,000 full-time commercial farmers, 40,000 full-time small farmers with inadequate incomes, and 125,000 part-time farmers primarily dependent on nonfarm income.

Nearly all Canadian farms are family-owned and operated, with some assistance from hired workers. The dominant form of business organization continues to be the individual/family proprietorship, although partnerships and family corporations, much more frequently found on larger farms, grew to comprise 9.3 and 3.4 percent, respectively, of the number of farms in 1981. There are very few nonfamily corporate farms in Canada. About one-third of all farms include some rented land, with larger farms having higher shares of rented land. For many farmers, particularly those with small farms, off-farm employment is a major source of income. In a 1981 census, 25 percent of farm operators reported part-time work, and 14 percent reported that they worked off the farm on a full-time basis.

Much of Canada's agricultural output is produced by larger, commercial farms. In 1980, two percent of farms

reported sales of more than \$250,000 and accounted for 27 percent of gross sales, whereas 23 percent of farms reported sales of less than \$5,000 and accounted for only one percent of gross sales. There is considerable inequality in the distribution both of income from farm sources and wealth (assets) in Canadian agriculture, although the degree of inequality appears to be less than that found in American agriculture. There is evidence, however, that farmers' total income (that is, income from off-farm sources as well as from farming) is more equitably distributed. Comparison of the economic well-being of farm families with nonfarm families is also complicated by the fact that the increased real values of farmland have been a major means of savings and the accumulation of wealth for farm families.

One striking feature of Canadian agriculture has been the substantial increase in the capital value of farms, especially land value, since 1971. The average nominal capital value of a farm, unadjusted for inflation, rose from nearly \$66,000 in 1971 to over \$409,000 in 1981. Adjusted for inflation, the real capital value per farm in 1971 dollars rose to \$173,000 by 1981, a remarkable increase of over two-and-a-half times during the decade. Increased capital values resulted from increases in the real value per acre of farmland, increases in the size of farms, and increased investment in machinery and livestock. Farmland increased in value for two main reasons: the increased demand for land to generate agricultural income (especially in light of the grain price boom after 1973), and the desire of land buyers to acquire capital gains from land during an inflationary period. (In the 1980's, farmers must have increased financial management skills. In addition, public policy in Canada should be directed to the nature and degree of society's role in assisting new entrants into the costly business of farming.)

Inflation was pronounced in Canada in the 1970's; and the effects on Canadian farmers were mixed. The most obvious impact, at least from 1973 until mid-1981, was on the real prices of farmland, which increased substantially as land buyers, primarily farmers, recognized land as an effective hedge against inflation. Real land prices in Canada increased at 2.4 percent per year from 1962 to 1972 and then at 6.8 percent annually from 1973 to 1980. (Increases in land prices have, however, moderated and prices have even fallen in some areas since mid-1981.) The escalation of real land values in the 1970's has, nonetheless, greatly increased the asset values of established farmers and contributed to the increased debt levels and interest costs facing newer farmers. Inflation also contributed to increased risk and uncertainty and to the intensification of the cost-price squeeze for farmers.

Because of their high level of income and the development of a low-cost agricultural industry, most Canadians spend a low proportion of their disposable income on food (16.3 percent in 1982). Only Americans spend a slightly lower proportion of their income on food. However, food consumption accounts for a much larger proportion of the

disposable income of poorer Canadians—the poorest one-fifth of all families spend less on food than do the richest one-fifth, but their food expenditures, expressed as a proportion of their income, are double those of the richest.

Increased interdependence between farm and nonfarm sectors has occurred over time and is another feature of structural change. Primary agriculture today is highly commercialized and more specialized than it was in earlier years. It both relies on and stimulates other economic activity, including the transportation, handling, processing and distribution activities involved in marketing food products, as well as the provision of input supplies like farm machinery, livestock feed, fertilizer, pesticides and farm services. The small size of the domestic market and its dispersion over wide areas have contributed to the high levels of concentration in many food-processing and farm input-supply industries in Canada. There are also areas where high levels of concentration in the retail grocery industry occur, typically in less heavily populated regions of Canada. Canadian policy will be hard-pressed to gain the advantages of technical efficiency in a small and dispersed market without extensive societal regulation to curb imperfect market conduct and the potential abuse of monopoly power.

Foreign trade is vitally important to Canadian agriculture.² Some 40 percent of Canada's agricultural products are exported, including over 70 percent of the wheat crop. Consequently, income and price levels are dependent on the strength of foreign export demand. This is particularly true for the grains and oilseeds sector, which provides approximately 70 percent of total agricultural export earnings. Wheat remains the dominant export, comprising nearly half of all agricultural export earnings.

Relatively smaller amounts of red meats are exported from Canada. Dairy and poultry products are sold almost entirely in domestic markets. Historically, domestic markets for agricultural products have grown slowly, in part to meet Canadian population growth and, to a much lesser extent, in response to increased income growth. A recent concern in the beef sector has been the decrease in per capita consumption of beef in Canada from 51 kilograms per person in 1976 to only 40 to 41 kilograms per person per year in the period between 1979 to 1982—a decline that appears to be partly associated with taste and preference changes and may be difficult to reverse.

Canada's major export markets for agricultural commodities include the Soviet Union, the United States, the European Economic Community (EEC), and China. Virtually all Canadian agricultural exports to the

U.S.S.R. are grains, whereas the United States is by far Canada's largest market for nongrain commodities. Although the centrally planned economies emerged as major export markets in the last two decades, the less developed nations are expected to become increasingly significant export outlets for grains and oilseeds in the next two decades.

The Canadian Wheat Board has suggested an export target of 36 million tons of grains and oilseeds by 1990. This is a plausible target, although achieving it will require continued improvement in Canada's grain handling and transportation system, as well as continued strength in export sales to the U.S.S.R. and China, currently a matter of uncertainty. Moreover, Canada's traditional specialization in high-quality, hard red spring wheats should be diversified to include lower quality but higher-yielding wheats and more emphasis on barley and rapeseed exports. Canada also wants to increase the export of processed agricultural products; some 90 percent of current grain and oilseed exports leave in bulk, unprocessed.

Agriculture is important to Canadian trade. Agricultural exports, valued at \$9.3 billion in 1982, represented over 11 percent of all Canadian exports. Agricultural imports, some 60 percent of which came from the United States, totaled \$5.1 billion in 1982. The agricultural sector thus generated a trade surplus of \$4.2 billion in 1982—a record agricultural trade surplus for the third successive year. Despite fears that the agricultural sector in Canada is becoming less self-sufficient, it continues to contribute to the Canadian economy by improving merchandise trade performance, lessening the strain on the Canadian balance of payments and exerting less downward pressure on the Canadian dollar.

This is not to argue that Canadian agricultural trade performance cannot be improved. Canada's share of world agricultural exports declined slightly between 1951 and 1980. Canadian export performance apparently improved in the early 1980's, although this may be due to transitory factors: fewer internal transportation bottlenecks, Australian drought, and American political difficulties with both the Soviet Union and China. Furthermore, there has been a slight drift to increased protectionism in Canadian agricultural policy during the past 15 years—particularly associated with supply-managed commodities (milk, eggs, broilers and turkeys), fruits and vegetables and, at times, red meats. In the long run, however, Canada shares with the United States an interest in securing the overall benefits of freer trade in agricultural products. A reduction in agricultural trade barriers may not be easy to achieve, because some agricultural subsectors have a vested interest in maintaining a protected position (for instance, the manufactured dairy products industry in both nations) and because European and Japanese agricultural policy remains essentially restrictionist.

By the late 1980's, Canadian agriculture will face

²Recent statistics on Canadian agricultural trade are presented in Agriculture Canada, *Canada's Trade in Agricultural Products: 1980, 1981 and 1982* (Ottawa: Supply and Services, September, 1983). The role of grain and oilseed exports is analysed in Terry Veeman and Michele Veeman, *The Future of Grain* (Toronto: James Lorimer, forthcoming 1984).

several problems and policy issues. Major issues include the regulation of agriculture (especially agricultural marketing), the need to emphasize technical change in the production and marketing of farm products, and the need to monitor and deal with various environmental issues, especially those relating to intensified agricultural production.

Public regulation of agriculture has been a central issue. The supply-management marketing boards for dairy and poultry products, the question of how public policy may best aid farmers to counter instability in agricultural markets, and the revision of long-standing statutory rates on rail shipments of prairie grains to export points are topics of recent and continuing concern.

Marketing boards have enabled Canadian farmers to increase their collective control over the marketing of many farm products (in the United States, marketing orders and agreements have provided similar control). There are many types of marketing boards in Canada and these perform different activities and differ in their effects. Controversy has centered on the supply-management boards that act to restrict production and market supplies and whose market power has been bolstered by limitations on imports. These boards have increased dairy and poultry producers' prices and incomes, reduced the variability in prices and incomes, and yielded capital gains to those producers who were initially allocated production or marketing quotas. The programs have increased consumers' expenditures and have contributed to the increased production costs. The majority of Canadian marketing boards, however, are less restrictive. A number of them have provided various advantages to producers without deleterious impacts on consumers.

Considerable variability in farm prices and incomes is a long-standing feature of agriculture. A number of government programs are aimed at protecting farmers from extreme price and income changes. Crop insurance programs and the price-pooling programs of some marketing boards are examples. The Western Grain Stabilization Program is a voluntary program for prairie grain and oilseeds that is funded by the federal government and participating farmers. Under this program payments are made to participants when farmers' aggregate annual net cash receipts fall below the average of the preceding five years; payments have been made for two of the first seven years of the program (from 1976 to 1982).

The Agricultural Stabilization Act Program, a federal program for other major agricultural products, has provided for payments to farmers when annual average market prices have fallen below 90 percent of average prices for the preceding five years. This program has involved relatively minor subsidies, except for industrial milk producers. In recent years provincial governments have become increasingly involved in agricultural stabilization programs, especially for pork and beef, and this has led to fears that the pattern of regional comparative advantage

for some commodities might be distorted by these programs.

Overall, there is a relatively low level of direct subsidization, price supports and protection for Canadian agriculture. Such programs provide somewhat less support for farmers than agricultural support programs in the United States. European and Japanese agriculture is much more highly supported and protected. Nonetheless, there is a tendency toward increased support and protectionism for Canadian agriculture. This tendency should be reassessed. Rather than increasing subsidies and protection, public policy should selectively strengthen programs to aid Canadian farmers in coping with instability and uncertainty.

Until recently, statutory rail rates limited rate increases for prairie grain shipped to export points. These rates provided an implicit subsidy to grain producers (by the early 1980's they covered less than one-fifth of the costs of shipping grains), which has been the main form of subsidy support for western grain growers. However, their benefit to producers was offset by the deterioration in rail services for grain shipments that were caused by the low freight rates. The low rates may also have encouraged the shipment of raw grain, rather than more highly processed products. Legislation to change the historic rates (termed the Crow's Nest Pass rates after the original 1897 agreement) was passed in 1983. The new rate legislation provides for an annual subsidy that approximates the 1981–1982 implicit "Crow benefit." This subsidy will be paid entirely to the railways at least until 1985. Grain shippers will pay a share of railway cost increases that could lead to a doubling of grain rail rates by 1986 and a fivefold increase by 1991.

Disagreement continues on the method of payment of the Crow benefit subsidy. Payment of this to the railways, rather than to farmers, will keep rail freight rates for grain low but will provide less incentive for added grain-processing activities like livestock feeding in western Canada. This issue will be reviewed in Parliament in 1985.

Productivity advance, or technical change, is generally recognized as the mainspring of agricultural growth. Agricultural research, in turn, is central to productivity improvements. Many agricultural scientists and economists in Canada are concerned that productivity growth

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"The past decade has witnessed the slow convergence of the originally very different expectations of the native peoples and Ottawa."

The Politics of Development in Canada's North

BY GURSTON DACKS

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THE 46,000 residents of the Northwest Territories and the 23,000 Yukoners face a difficult future. Because of their colonial situation, they must unravel a policy knot without controlling the tensions on the three strands that form the tangle. Both northern territories have experienced substantial political growth and institutional development in the past decade; yet the ends of the strands are still held in southern Canada and the tensions are still dictated primarily by the needs and perceptions of southern Canadians.

Moreover, the three strands represent the most fundamental issues in northern Canada. Indeed, the issues are so important that the resolution of one issue—or even efforts toward resolving it—are intimately linked to the resolution of the other two.

The first of the three issues is the fate of the native peoples of Canada's northern territories. These peoples share the social distress—the poverty, illness, alcoholism and despair—of southern Canadian native society. They differ in that they never signed or do not acknowledge¹ that they signed treaties with the Crown extinguishing their aboriginal rights. While the exact legal significance of aboriginal rights remains very unclear,² their existence has been accepted since a 1973 decision of the Supreme Court of Canada. This decision complicates Ottawa's desperate efforts to promote the economic development of the north. Ottawa's desire to extinguish aboriginal rights offers northern native people a once-only opportunity to negotiate the material resources and the new relationship

¹The Dene Nation holds that Treaties Eight and Eleven, which cover the Mackenzie Valley, were treaties of peace and friendship, not extinguishments of rights. Ottawa has rejected this interpretation as not legally binding, but for the sake of getting bargaining under way has agreed to negotiate with the Dene on the basis of this interpretation.

²The complexities of this question are effectively considered in Michael Asch, *Home and Native Land* (Toronto: Methuen, forthcoming). It should be noted that the meaning of aboriginal title is the subject of an ongoing set of constitutional discussions involving the federal government, the provinces and native groups.

³The extent, viability and potential of northern wildlife harvesting are described in R.F. Keith and J.B. Wright, eds., *Northern Transitions*, Volume 2 (Ottawa: Canadian Arctic Resources Committee, 1978), pp. 150–209.

⁴Ottawa: Minister of Indian Affairs and Northern Development, 1981.

with Ottawa that will offer them some hope for dignity and social rehabilitation.

Four claimants covering the entire area north of 60° are currently pursuing this goal. The claimant groups are the Council for Yukon Indians (with 5,500 beneficiaries); the Committee for Original Peoples Entitlement (COPE), representing the 2,500 Inuvialuit of the Mackenzie Delta and Beaufort Sea region; the Dene Nation/Metis Association joint claim in the Mackenzie Valley (with 13,000); and the Tungavik Federation of Nunavut, representing the 13,500 Inuit of the central and eastern Arctic.

While the specifics of their claims differ, they follow the same basic logic, which reflects the natives' growing sense of themselves as peoples with a right to exercise control over their own destinies. Northern natives are in no sense separatists; they emphatically wish to remain within Canada. Nor are they atavistic. To the contrary, they are willing to participate in the technology and economic activities that emanate from the south. However, they are seeking cultural security in order to maintain as much control as possible over the land, which forms the basis of their economy and traditions.

Accordingly, they seek ownership over large tracts of land, special hunting rights on lands that they do not own and the maximum possible power over policies governing land use and wildlife management that will determine their ability to pursue their culturally fundamental and economically important wildlife harvesting.³ In addition, the native claimants have sought funding to compensate for the lands and resources they are surrendering and to finance social and economic development programs. They view this use of government funding to be particularly appropriate, because they attribute many of their difficulties to the historical policies of the federal government and to the activities of non-natives on their lands. Finally, the native claimants seek a share in government decisions that will affect their cultural viability—decisions ranging from education and broadcasting to the approval of megaprojects that could profoundly and irreversibly change their lives.

Clearly, northern natives want a great deal from Ottawa. Its response is contained in a policy paper entitled "In All Fairness,"⁴ which reflects the strength of Ottawa's position. Specifically, the unsettled aboriginal

claims can complicate but cannot actually shut down Ottawa's economic plans for the north. For example, to facilitate the construction of the Alaska Highway Gas Pipeline, Ottawa passed the Northern Pipeline Act in 1978. This act paid lip service to aboriginal rights, but denied native people any legal recourse should they challenge any aspect of the pipeline's construction. While such actions create a furor, they lie within the Parliament's power, reducing aboriginal rights from a legal or constitutional impediment to a merely political problem for Ottawa. The question has not yet been tested in the courts, but the new Canadian constitution probably does not alter this situation.

While not legally compelled to do so, Ottawa undoubtedly wishes to negotiate the claims to remove them as a source of antagonism and to seek an alternative to the century-old policies that have proved so unsuccessful. However, it has proceeded very cautiously, at least in part because it fears that innovations applied in the north might become precedents for dealing with the problems of native people in the south, whose much larger numbers and different legal position would make similar solutions prohibitively costly and politically very difficult. These considerations lead Ottawa to want to settle the claims, but to limit the jurisdictional and financial cost of doing so.

Thus, "In All Fairness" precludes the topics of northern constitutional development and native self-determination as questions for negotiation, and seeks to limit the amounts of land and money that the native claimants will receive and to deny them a share of any future royalties earned from nonrenewable resource development. Further, it insists that aboriginal title be extinguished instead of being entrenched—as the native people wish—as the basis of their future identity as peoples and their ongoing relationship with the government of Canada.

The past decade has witnessed the slow convergence of the originally very different expectations of the native peoples and Ottawa. In 1984, draft settlements of the Yukon and COPE claims await Cabinet consideration. Not surprisingly, these settlements resemble the government's vision of the northern future more than the native agenda. That they have been negotiated reflects the long-standing anxiety felt by natives over the delay in reaching any settlement in the face of the daily erosion of their cultural and economic position. The conventional wisdom that the Progressive Conservative party will win the next general election and prove to be even less generous than the Liberals reinforces this anxiety. Time may already have run out: southern Canadian political considerations may lead to another election before the settlements can be legislated in the last busy session of the present Parliament. The native peoples may well have to deal with the Conservatives, who may seek a substantial renegotiation.

Whatever the outcome, it will tug on the second strand

of the northern policy knot, namely, the northern pressure for greater self-government and culturally more relevant government institutions. While government institutions in both territories matured greatly during the 1970's, they remain colonial. They cannot amend their respective constitutions, the Yukon Act and the Northwest Territories Act (NWT), because these are acts of the federal Parliament. As a result, Ottawa controls the pace of their institutional growth and can unilaterally alter their powers. Further, the chief executive officer in each territory is not elected in the north but is rather a commissioner, appointed by the federal Cabinet and responsible to the federal minister of Indian affairs and northern development.

Within the last five years, both territories have accomplished a *de facto* system of responsible government in that the commissioners consistently implement the decisions of the executive bodies of elected politicians in both territories. However, the federal Cabinet may instruct a commissioner to disallow a decision of a territorial legislature. In addition, because the Yukon and NWT Acts have not been amended to incorporate the *de facto* system, the Cabinet could diminish or even terminate it by executive order without allowing any public debate.

Finally, Ottawa has delegated to the territorial governments most but not all the powers exercised by the provinces. The most important power denied is the administration of public land, including virtually all the north. Land-use planning and nonrenewable resource development are controlled by Ottawa. In addition, Ottawa receives most resource royalties generated in the north and will reap all the potentially very large royalties resulting from the large-scale oil and gas development anticipated for that region.

This colonial situation has led the two territories to seek reform, but along different lines. The government of Yukon is firmly in the hands of its non-native population, which outnumbers the native population by a margin of about three to one. The southern Canadian party system operates in Yukon and provides the party discipline that allows the legislative assembly to run on the British parliamentary model found in the provinces. For these reasons, Yukon politicians have responded to their colonial status by pushing very vigorously for the attainment of provincial status with institutions very similar to those found in the provinces. Yukon natives argue that these institutions should recognize their special place in Yukon's social fabric. However, gestures in their direction are unlikely to amount to more than a few guaranteed seats in the legislature and on regulatory boards, because of the hostility of the Yukon territorial government and because mainstream Canada's liberal political philosophy fears the institutionalization of ethnic politics.

Moreover, Yukon natives will lose much of their political leverage once they settle their claim and can no longer point to an unextinguished aboriginal title as a reason why Ottawa should defer to them. Ottawa, which wishes

to encourage responsible government in the north, has promised to amend the Yukon Act to establish the current system. However, it intends to wait until after the settlement of the native claim so as not to appear to prejudice its progress. It also rejects provincial status for the north for the foreseeable future, citing

the small population base, a vast area, an undeveloped and narrowly based economy and the need of the federal government to protect Canada's national interests.⁵

THE NORTHWEST TERRITORIES

The Northwest Territories present a far more complex situation because of their inter-ethnic politics. Native people comprise a majority, 58 percent, of the NWT's population; hence, they dominate its legislature. However, they do not form a majority in all parts of the territories. The Inuit greatly outnumber non-natives in the Arctic and Keewatin regions of the NWT that they inhabit. It is most unlikely they will ever lose their majority and with it their ability to control any regional government through the ballot box. In contrast, the western portion of the NWT already contains a non-native majority.

The contrasting demographics of the two portions of the NWT have led to a call to bifurcate the territories.⁶ The Inuit have long argued that the NWT is too large. They dislike sharing a government with people with whom they have no common tradition and whose institutions they find foreign. They also find Yellowknife, the territorial capital, inaccessible because of the cost and scheduling problems of air travel. Moreover, Yellowknife's southern atmosphere adds to the psychological discomfort of Inuit legislators who are far from their families. Division would address these problems by creating a government in the eastern Arctic and would additionally benefit the Inuit by virtually guaranteeing them a permanent electoral majority. Division should also accelerate constitutional development for the Inuit by enabling them to avoid the deadlock that can be anticipated for the western NWT when its native minority tries to negotiate departures from Canadian constitutional practice to protect its ethnic interests.

For all these reasons, the Inuit have made division of the territories the first item on their political agenda, proposing Nunavut, a new eastern Arctic territory. By avoiding controversial departures from conventional Canadian forms, the proposal is intended to appeal to Ottawa and to elicit an early and favorable response. In addition, the Inuit persuaded the territorial government to conduct a territory-wide plebiscite on the principle of

division in April, 1982, which reflected the splits within the territories. Division was supported by 56 percent, adding momentum to the idea. However, closer inspection of the results reveals that while 82 percent of the voters in the predominantly Inuit eastern Arctic voted in support, 65 percent of the western voters voted against division.⁷ The vote in the west reflected confusion over the terms and the practical consequences of division, but it may also indicate that the people of the western NWT are not yet ready to commit themselves on questions of basic constitutional change.

The federal government has reacted cautiously. In November, 1982, it approved division in principle subject to several conditions. These included the territorial residents' continued support for division, agreement among them on the location of the boundary between the subdivisions, and agreement on the forms and powers of the territorial, regional and local levels of government. In addition, native claims would have to be settled or be close to settlement before division could take place, because it was anticipated that the boundaries of the claims would influence the selection of new territorial boundaries and that terms of the settlements could influence the structuring of the new territorial governments. While this position is logical, it makes the constitutional development process dependent on the pace of the claims settlement process and reinforces the tangled strands of northern public policy.

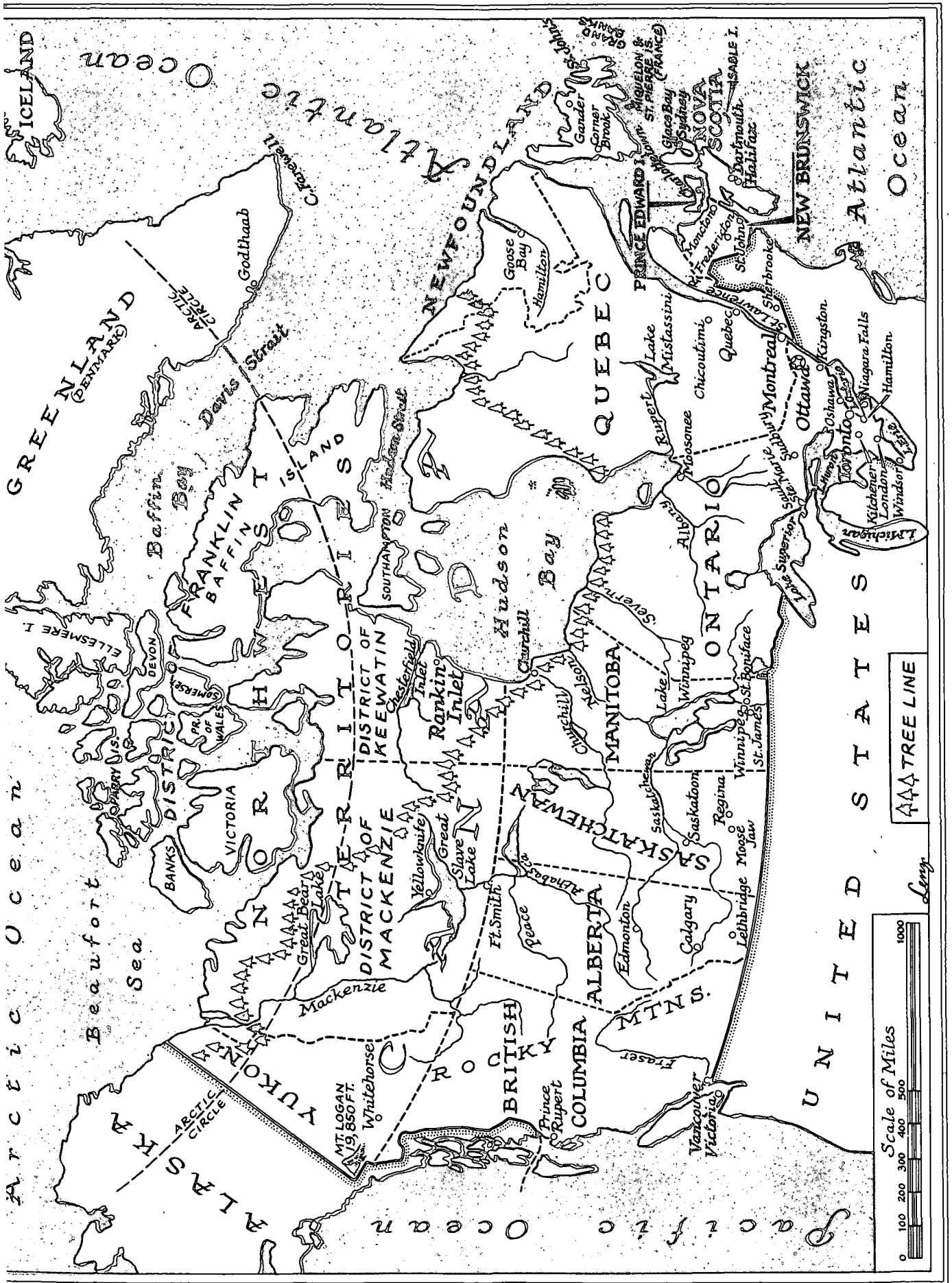
Since the plebiscite, residents of the territories have organized to consider their constitutional future. The Nunavut Constitutional Forum, with representation from the Inuit Tapirisat of Canada, the national Inuit organization, and the legislative assembly, has developed the Nunavut proposal for the east. In the west, the Western Constitutional Forum, with representatives from the native groups, the non-native population and the assembly, has begun to review basic principles to try to achieve within its racially mixed membership the consensus that came more easily to the NCF.

Until it reaches a consensus, the only constitutional proposal on its table is *Public Government for the People of the North*, presented jointly by the Dene Nation and the Metis Association. This document reflects the outnumbered Dene and Metis's calculations that the ballot box cannot guarantee their interests. They have therefore developed strategies that confront the liberal-democratic orthodoxy of Canadian politics. Their proposals include an all-native senate; a very lengthy residence requirement that would eliminate many non-natives from the voting rolls; special status for natives regarding ownership and control of land; and unconventional forms of government. These proposals have stirred strong opposition from many non-native northerners. Both sides have moderated their goals, but the west remains much further from defining its constitutional future than the east. This fact, in turn, creates problems for Ottawa in attempting to make preparations for division that are equally relevant to both

⁵Department of Indian Affairs and Northern Development, *Canada's North: The Reference Manual* (Ottawa: 1983), page 6/2.

⁶The boundary is difficult to specify because it is the subject of great debate. The most realistic border is probably the tree line, which runs roughly from the Mackenzie Delta in the northwest to the intersection of the Manitoba-NWT boundary with Hudson Bay in the southeast.

⁷*News/North* (Yellowknife), April 16, 1982, p. A3.



parts of the NWT and are not likely to disrupt either the process of constitutional evolution or the native claims process.

RESOURCE DEVELOPMENT

In both territories native claims and political development are intimately linked; the resolution of the claims will remove major complexities standing in the way of further constitutional growth. Similar links relate these issues and the third strand of the northern policy knot, the issue of economic development. The basic question is the respective futures of the renewable resource and non-renewable resource-based economies of the north. As has already been noted, the native peoples of the north view their ability to harvest wildlife as fundamental to both their identity and their economic security. They are willing to seek wage employment and to accept nonrenewable resource projects in the north, but they want hunting, fishing and trapping to remain viable options. They therefore insist that megaproject development be postponed until their claims are settled, their rights to the land and its management are defined, and social and economic development funding are available for their use in managing the impact of megaprojects.

For its part, the federal government places a far higher priority on the nonrenewable, resource-based economy to meet national policy goals. These include providing jobs and orders for Canadian manufacturers; contributing to a healthy balance of payments situation by reducing the need for energy imports and creating the possibility of some energy exports; providing evidence of the occupancy that is necessary according to international law to demonstrate Canadian sovereignty in the north; and developing technological expertise that could lead to export trade. In sum, these hopes create a very strong sympathy in Ottawa in favor of northern nonrenewable resource development, especially oil and gas development.

Because of its historical prominence and because it is still the largest revenue producer in the two territories, the mining industry should be mentioned first in any discussion of nonrenewable resource development in the Canadian north. The industry is currently depressed because of low world metal prices; but even in 1982, a very poor year, Yukon mines produced an output worth \$168 million⁸ while the mineral production of the NWT stood at \$566 million.⁹

⁸Government of Yukon, Department of Economic Development, *Yukon Economic Review* (Whitehorse: 1983), p. 65. The comparable amounts for 1981 and 1980 were \$236 million and \$360 million respectively. All monetary figures are Canadian dollars.

⁹Government of the NWT, *1982 Annual Report* (Yellowknife: 1983), p. 35.

¹⁰Gurston Dacks, *A Choice of Futures* (Toronto: Methuen, 1981), p. 154.

¹¹Department of Indian Affairs and Northern Development, *Canada's North* p. 8/7.

¹²*News/North*, Dec. 16, 1983, p. B3.

However, these sums dwindle into insignificance when contrasted with the potential benefits of the oil and gas deposits of the north. To date, the major deposit being tapped is the oil field at Norman Wells on the Mackenzie River. This field has supplied the small Mackenzie Valley and western Arctic market for more than four decades. A total of approximately \$820 million is currently being spent to increase the recovery factor for this field and to construct a pipeline capable of carrying 25,000 barrels of oil a day from Norman Wells to southern Canada.¹⁰ Even more impressive are the expenditures already made to explore for liquid hydrocarbons in the Beaufort Sea-Mackenzie Delta and Arctic Islands areas of the NWT and the expenditures anticipated to develop these resources. A definitive assessment of these resources must await future exploration. But, the federal Department of Energy, Mines and Resources estimates that there is a 90 percent probability that northern Canada contains about one-fourth of the country's total oil reserves and one-third of its gas reserves.¹¹

However, many obstacles stand between the energy potential of the north and its realization. The first of these are the enormous exploration and development costs attributable to the great distances from the sources of supply, the severe climate, and the need to develop new technologies for meeting largely unprecedented conditions. For example, the five-vessel drilling fleet put into operation by Gulf Canada in the summer of 1983 cost \$674 million.¹² Despite very substantial aid from Ottawa, the task of obtaining the money necessary to develop northern energy resources is an unending struggle for the corporations involved, particularly because their expenditures to date, with the exception of the Norman Wells field and two very small gas fields, have not generated any cash flow.

Their difficulty is compounded by a second problem: the softening of world energy markets has frustrated their efforts to find buyers for the deposits they have discovered. The result is to move to an indeterminate future the day when world prices will rise enough to make northern hydrocarbons competitive.

The third problem is the damage northern nonrenewable resource development can inflict on northern society and the northern environment. Managing environmental impacts can be very costly; and demonstrating the ability and commitment to control them is also expensive. In addition, the regulatory process put in place to address the concerns of northerners and environmentalists tends not to satisfy them. They feel threatened by Ottawa's

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Gurston Dacks has taught political science at the University of Alberta since 1971. His major research interest is public policy in the Canadian north. He is the author of *A Choice of Futures* (Toronto: Methuen, 1981), a text on the subject, as well as a variety of research papers on northern topics.

BOOK REVIEWS

SOCIAL SCIENCE AS MORAL INQUIRY. *Edited by Norma Haan et al.* (New York: Columbia University Press, 1983. 392 pages, notes and index, \$40.00, cloth; \$12.00, paper.)

MICHEL FOUCAULT: BEYOND STRUCTURALISM AND HERMENEUTICS. Second Edition. *By Hubert L. Dreyfus and Paul Rabinow.* (Chicago: University of Chicago Press, 1983. 271 pages, notes and index, \$8.95, paper.)

RETHINKING INTELLECTUAL HISTORY: TEXTS, CONTEXTS AND LANGUAGE. *By Dominick LaCapra.* (Cornell: Cornell University Press, 1983. 350 pages, notes and index, \$29.50, cloth; \$14.95, paper.)

LANGUAGE AND POLITICS. *By Fred R. Dallmayr.* (Notre Dame: Notre Dame University Press, 1984. 243 pages, notes and index, \$22.95.)

The social sciences, especially economics, history and political science, have come under increasing theoretical scrutiny. The new skepticism about the validity of the "truths" these disciplines profess to discover does not derive from the criticisms of the 1960's, when social scientists were accused of prostituting themselves to the established powers (e.g., anthropology was a tool of "imperialism"). Instead, a series of fundamentally unsettling questions has arisen about the very nature of these disciplines; namely, that the truth, validity, factuality, objectivity and neutrality that the social sciences pride themselves on are, in fact, theoretically vulnerable.

Social Science as Moral Inquiry is an excellent introduction to this vulnerability. All the social sciences come under scrutiny, and the varied solutions to the problems of the social sciences that are offered—from a return to classical rational empiricism to the merits of deconstruction—are well worth considering. Especially noteworthy are the essays by Albert Hirschman, Richard Rorty and Jürgen Habermas.

Michel Foucault, who has emerged as a major critic and historian of the social sciences, is as much admired as he is ignored. His works are notoriously abstruse and his campus popularity leads some to dismiss him as a fad. But Foucault's analyses demand attention and Berkeley professors Dreyfus and Rabinow have updated what is perhaps the best elucidation (or, as they prefer, "interpretation") of the French philosopher's work.

The most interesting and important aspect of Foucault's work is his analysis of power and the increasing rationalization of society. Rejecting the definition of power as the domination of others or as something wielded by political institutions, Foucault

has instead developed a conception of power as "the name one attributes to a complex strategic relationship in a particular society." For Foucault this relationship is exemplified by the student-teacher relationship in the classroom or the patient-doctor relationship. His analysis of how paradigmatic power relationships are linked to political structures is expertly presented.

The most fundamental criticism of all the social science disciplines comes from recent studies on the use and abuse of language in these fields. Considered a peripheral issue or a non-issue by most social scientists, the work of critics like Jacques Derrida and LaCapra's *Rethinking Intellectual History* should dispel that view. LaCapra's collected essays adequately survey the critical questions that have arisen concerning the use of language in writing history, especially the inherent biases of language—both those of the writer (subjectivity) and those that stem from society's impact on language (ethnocentrism).

Dallmayr's volume attempts to bring political science up to date with recent American and continental language research; it provides the background and basic summaries of that research, but it does not actually analyze how language affects the practice or the study of politics.

W.W.F.

U.S. INTERNATIONAL MONETARY POLICY: MARKETS, POWER AND IDEAS AS SOURCES OF CHANGE. *By John S. Odell.* (Princeton: Princeton University Press, 1982. 385 pages, notes, tables and index, \$35.00, cloth; \$8.95, paper.)

This is a work that is part theory and part history; the latter details the period from 1971 to 1973 that saw the end of the gold standard as the determinant of foreign exchange rates, the end of the Bretton Woods system of fixed exchange rates and the rise of flexible exchange rates—all at the instigation of the United States. The observations and valuable insights (including interviews with principal policymakers) provided in the history are complemented by the theoretical framework that is developed in the first half of the book, where Odell argues that the ideas or ideologies of key policymakers rather than domestic or bureaucratic politics influence the direction of monetary policy. Odell's work firmly places monetary policy in the context of foreign policy in general, providing a fuller picture of how United States economic policy influences its foreign policy.

W.W.F.

THE U.S., THE U.N., AND THE MANAGEMENT OF GLOBAL CHANGE. *Edited by Toby Trister Gati.*

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CANADA'S NORTH

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history of support for oil and gas development and by the fact that the regulatory process proceeds in a policy vacuum; that is, the absence of an overall statement of the priorities that Ottawa attaches to the "national interest" as contrasted to the "regional interest" of aboriginal rights and environmental protection. In this case, the failure to settle native claims has produced a balky process whose outcome is unpredictable and very costly. For example, the consortium of firms applying to build a gas pipeline up the Mackenzie Valley in the mid-1970's found its application denied after it had spent tens of millions of dollars. In 1983, the minister of Indian affairs and northern development rejected plans by Gulf Canada to develop a port on the north shore of the Yukon to service its drilling fleet, on the grounds that the plans would jeopardize the negotiations of claims that were at a delicate stage.

Northern hydrocarbon development, then, is stalled by a variety of economic and political factors. In Ottawa's view, however, it remains in the national interest to prepare for the day when Canada must turn to these resources. For this reason, the National Energy Policy of 1980 encouraged northern exploration and the Canada Oil and Gas Act provides for a system of incentive grants that covers the major costs of northern hydrocarbon exploration. In this way, the taxpayers of Canada sufficiently improve the economics of exploration to keep energy companies pursuing northern hydrocarbons vigorously, although they may be unable to market their finds until the 1990's.

However, their activities intensify the sense of threat felt by native groups. This adds to the pressure on their negotiators. It also leads them to respond by seeking to inject consideration of their claims into the decision-making processes on energy development. Similarly, energy development touches on the aspirations of the territorial governments, particularly the government of the NWT, which wishes to obtain as much authority as possible to manage nonrenewable resource development in order to maximize its benefit to northerners and to minimize the disruption it brings to their lives.¹³

In the Canadian north in the past decade, native and federal negotiators have a clearer and more realistic, if not a more sympathetic, understanding of one another's positions, and two of the four northern claims appear to be on the verge of settlement. In effect, if not in law, responsible government has been established in both territories. The energy industry has developed a great deal of knowledge of the geology of the north and the specialized engineering techniques needed to develop it. Industry has also come to recognize that it must address the concerns of north-

¹³Government of the Northwest Territories, Energy and Resource Development Secretariat, *Resource Development Policy* (Yellowknife: 1983).

erners in view of its ability to use the regulatory process to challenge development projects.

Still, because these developments only partly unravel the northern policy knot, the northern political process will continue to focus on its colonial condition. ■

CANADIAN FOREIGN POLICY

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an exchange of frank, political and notably divergent views among the leaders themselves. With its European and Japanese partners it succeeded in sensitizing the United States to the problems of its interest rate policy, secured from President Reagan a commitment both to participate in the North-South dialogue at Cancún, Mexico, and to join, however tentatively, in a process leading to "global negotiations" on matters of economic redistribution. Canada's confidence and prominence as a member of the "Summit Seven" have been further underscored by its astute response to the challenges posed by a French initiative to hold a meeting of the West's "big four" at Guadeloupe and a recent American attempt to discuss trade problems among the original six summit partners in Key Biscayne, Florida.

Canada's equal position and close affiliation with the Europeans in these gatherings has been confirmed by the record of the two most recent summits in Versailles in 1982 and in Williamsburg in 1983. The issues of United States exchange and interest rate policy and Western approaches to the Soviet Union continued to dominate the agenda, and Canada found itself in agreement with the Europeans and the Japanese, arguing for moderation from an isolated United States. Perhaps Canada's greatest summit achievement came in Williamsburg, where it succeeded in securing a seven-power agreement to an arms control dialogue with the East and hence a foundation for Trudeau's subsequent peace initiative.

ADJUSTING TO THE EASTERN BLOC

In some ways the greatest challenge to Canada's ascension has been its ability to contribute effectively to maintaining Western security against a suspicious Eastern bloc—an area that had been the preserve of the world's superpowers and the nuclear weapons powers. Canada has long had a vital interest in this subject. Sandwiched between the United States and the Soviet Union, lying beneath the transpolar flight paths of their intercontinental ballistic missiles and bombers, and conscious of its integral interest in Europe, Canada by necessity and commitment has been a loyal member of the Western alliance. Yet in facing the East it has particular interests that have led to a distinctive approach.

As the first country that was capable of producing nuclear weapons but chose not to do so, Canada has traditionally been in the vanguard of global efforts at nuclear arms control, beginning in 1945 when it served with the five great powers on the United Nations Atomic Energy Commission. As a country with an international

reputation for mediatory skill, it has also sought diligently to improve the East–West dialogue, starting in the mid-1950's when it engineered the admission of several Communist states to the United Nations and when Lester Pearson became the first NATO foreign minister to visit the Soviet Union. The presence of a large immigrant and refugee population from East Europe has produced a steady and growing interest in human rights issues vis-à-vis the East, notably the objective of family reunification.

Canada's status as an Arctic neighbor of the Soviet Union's has reinforced a traditional Canadian instinct toward cooperation at a functional level. And Canada's position as a major trading nation and grain exporter has led it since the early 1960's to stand aside from American efforts to embargo trade with the People's Republic of China and Cuba and to develop a vigorous grain export market in China and the Soviet Union.

During the Trudeau years these distinctive Canadian interests have been much in evidence. One of the Trudeau government's first actions was a decision in 1968 to accord diplomatic recognition to and seek United Nations membership for the People's Republic of China. In 1971 in the Soviet Union, Trudeau mused publicly about the importance of the Canadian–Soviet relationship to offset the threats posed to Canada by the overwhelming presence of the United States. And during the first Trudeau decade Canada strove to advance the process of détente, both through quiet diplomacy in NATO councils and by assuming since 1973 a vigorous role in the Conference on Security and Cooperation in Europe.

The past half decade has seen a reemergence of cold war challenges, and somewhat of a change in the Canadian tone. Canada's humanitarian instincts reinforced its geopolitical perceptions and Commonwealth responsibilities to induce it to take a disproportionately large number of "boat people" refugees from Indochina beginning in 1979. Despite the disruptions and self-defeating effects of American unilateralism, Canada joined with its Western allies to participate in a costly but diplomatically necessary and effective grain embargo against the Soviet Union in 1980. Its response to the ensuing crisis in Poland was once again in line with the Western consensus, although American perceptions remained clouded by Canada's acceptance of European positions on the Soviet–European gas pipeline issue and Trudeau's surprisingly moderate evaluation of the actions of the Polish and Soviet governments. In 1983, when the Soviet Union downed a Korean civilian airliner, Canada, as an aggrieved party, led the West in its immediate, forceful condemnation of the Soviet action.

CONCLUSION

Since September, 1983, the Prime Minister's peace initiative has demonstrated that despite the colder tone of Canadian actions toward the Soviet Union in the 1980's, Canada's traditional emphases on dialogue, accom-

modation and functional cooperation endure. But the peace initiative represents far more. In the two decades following World War II, Canada's claim to international distinctiveness and importance resided largely in its leading role as a mediator and peacekeeper in easing the retreat of European imperial powers from their colonial involvements in the third world. In the 1970's Canada extended its relevance in the third world, primarily by fostering the North–South dialogue that arose as American influence and interest in the South eroded.

During the past decade Canada has assumed a prominent position in the councils of the West, as the summit seven expanded their concerns to the political and security realm. And with the Prime Minister's peace initiative, Canada's relevance as a principal power has been thrust into the remaining and most difficult sphere of East–West relations. What remains to be seen is whether Canada has the capacity and skill to move a retreating America into a responsible role in managing global order, or substituting for the United States should the forces of American isolationism prevail. ■

CANADIAN DEFENSE

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no attempt to contribute to the current debate on deterrence credibility. In effect, the Canadian government abdicated its responsibility to present its views on the most appropriate means for ensuring international and Western security.

In one sense, therefore, the approach adopted by Prime Minister Trudeau's peace initiative addressed only one side of the issue. That is, it focused almost exclusively on how to reduce international tensions—which must be wholeheartedly supported—and advocated a number of proposals for arms limitation. Furthermore, Trudeau's February 9, 1984, address to Parliament on the peace initiative outlined principles to stabilize East–West and international military relations. However, such an approach can be effective only if the Canadian government advocates a comprehensive, strategically coherent package.

It is essential that the Canadian government formulate its position on the major strategic issues that face the Western alliance, including a clear statement of the criteria to ensure the credibility and viability of deterrence—both nuclear and conventional. Then Canadian arms limitation proposals would be placed in the appropriate international security context.

The debate in Canada has not directly involved Canadian defense. Nevertheless, from the outset links between Trudeau's peace initiative and Canadian defense have lain just below the surface. The response by some American officials indicated that the peace initiative could not be taken seriously, given Canada's defense effort. The argument was advanced that Canada has not met its commitments to NATO; thus its proposals carry limited legitimacy.

On this point, the Liberal government has been extremely sensitive. For example, on November 18, 1983, both External Affairs Minister Allan MacEachen and Defence Minister Jean-Jacques Blais attempted to refute the criticism that Canada has not adequately contributed to the Alliance. The defence minister went so far as to question the patriotism of those Canadians who criticize Canada's contribution to NATO. In his February 9, 1984, address to the House of Commons, the Prime Minister argued that the Liberal government has taken its commitments to NATO seriously; that the nuclear threshold in Europe should be raised; and that the most appropriate means was a mutual balanced force reduction (MBFR) agreement. The options are clear: either continue to rely on nuclear deterrence or ensure that a more credible conventional deterrence exists in the European theater. If an MBFR agreement cannot be reached, then NATO must allocate greater resources to ensure a more credible conventional deterrent capability.

The Progressive Conservatives have been sensitive to Trudeau's peace initiative, supporting his attempts to improve the East-West dialogue and firmly committed to nuclear weapons reduction. Nevertheless, in the House of Commons on February 9, 1984, Progressive Conservative leader Brian Mulroney noted that

a failure to incorporate a credible nuclear component into NATO's overall strategy would be an invitation to nuclear blackmail with consequences too terrible to contemplate.

Furthermore, the Progressive Conservative leader argued that

the cornerstone of our security is NATO solidarity, and . . . only through the strengthening of the non-nuclear deterrent can you reduce the present reliance on nuclear weapons.

Conservative policy has been based on the view that Canada's NATO commitments have been neglected. A Conservative government would presumably increase defense spending to ensure that Canadian capabilities would be more in line with existing NATO commitments. In his February 9 address, Mulroney noted that

the policy of wilful neglect of our contribution to the collective security of the Alliance has led to a situation in which Canada spends less per capita in defence than any other NATO ally, with the exception of Luxembourg This pattern of neglect, over 15 years, of the conventional deterrent has damaged our reputation for reliability among our allies Such neglect of the conventional deterrent has contributed to an over-reliance on nuclear weapons.

The debate has been joined and has come full circle since 1968. Canadian defense issues are again part of the political agenda. It will become increasingly difficult for the Liberal government to ignore Senate reports critical

of Canada's defense efforts. The reports of the Senate Subcommittee on National Defence have advocated a thorough review of Canadian defense policy,¹⁴ maintaining that Canada has not adequately fulfilled alliance commitments and indicating the extent of the commitment-capability gap.¹⁵

For more than a decade, Liberal governments have been able to avoid a major discussion of Canadian defense issues. Yet the events of 1983 and early 1984 indicate that this may no longer be the case. The impact of Trudeau's resignation could affect the debate as aspirants to the leadership may be forced to state their personal views on Canadian defense and international security, including arms control and disarmament. Nevertheless, the Liberals will be hard-pressed to defend their record over the past 15 years. Irrespective of the outcome of the specific debate, there are indications that Canadian defense has come of age as a policy issue and will no longer be considered without reference to the international strategic environment. ■

THE CANADIAN WINTER OF NUCLEAR DISCONTENT

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able image seems to have affected Canadians' expectations of the direction of the Canada-United States bilateral relationship. Two months into the Reagan presidency, in March, 1981, 27 percent expected relations with the United States would get better, 22 percent said they would remain the same, and 28 percent said they would worsen. By contrast, in January, 1977, the month of Jimmy Carter's inaugural, 25 percent of Canadians expected relations would get better, 50 percent that they would remain the same, and 5 percent that they would worsen.

Thus, compared to the Carter period, less than one-half as many Canadians thought relations with the United States under President Reagan would continue as before and about four times as many thought relations would worsen. Moreover, general assessments of Canada's relations with the United States also became more negative after the mid-1970's. While the reasons for this negative perception are not certain, it is unlikely that it stems solely from concerns about American attitudes on bilateral issues like acid rain or Canada's controversial National Energy Policy.

These Canadian concerns have parallels among Europeans. Regarding the possibility of nuclear war, in early 1983 the proportion of the British public indicating they were very or fairly worried about a nuclear war reached 6 out of 10 (61 percent), 50 percent higher than levels 20 years earlier. In early 1980, the same proportion said they thought there was "much danger" of world war, almost four times as many as had thought so five years earlier, and twice as many as two decades ago. A near majority also agreed that a nuclear war was likely, an increase of 10

¹⁴Senate of Canada, Subcommittee on National Defence, *Manpower in Canada's Armed Forces* (Ottawa, January, 1982) and *Canada's Maritime Defence* (June, 1983).

¹⁵*The Canadian Strategic Review, 1983* (Toronto: Canadian Institute of Strategic Studies, 1984).

Table 3: Attitudes on Nuclear Weapons and Arms Control (in percent)

Surveys conducted in:	United States	France	West Germany	Netherlands	Great Britain	Canada
1. Who is more likely to initiate a nuclear attack in Europe, the U.S. or the U.S.S.R.?						
United States	12	11	20	20	28	22
Soviet Union	65	49	45	31	48	52
Don't know	23	40	35	49	24	26
2. What is the likelihood that U.S.-Soviet hostilities will escalate into a third world war?						
Very likely	13	7	10	10	20	16
Somewhat likely	38	33	24	21	31	37
Not likely	44	54	66	60	44	42
Don't know	5	6	—	9	5	5
3. On the issue of limiting nuclear weapons, whom do you find more credible, Ronald Reagan or Soviet party leader Yuri Andropov?						
Ronald Reagan	59	36	43	23	38	45
Yuri Andropov	10	14	14	21	18	12
Neither	14	24	43	40	33	28
Don't know	17	26	—	16	11	16

Sources: Canadian Institute of Public Opinion, press release, May 30, 1983; *Newsweek*, January 31, 1983.

percentage points from late 1980 and an increase of 33 points from 1963.

Levels of concern are currently even higher in most other European NATO countries. There is widespread and growing uneasiness about nuclear weapons and especially about the superpower nuclear arms race—an uneasiness far broader than cruise and Pershing 2 missile protests. Many Canadians believe that there is a negative relationship between nuclear arms and security: Europeans are also “questioning . . . the need for more military power as a means for dealing with today’s security problems, particularly in Europe.” Indeed, one major study concludes, “the continued growth of military power in the world is frequently considered to be the primary threat to security: more arms make conflict more likely.”⁸ At the same time, no softening of perceptions of the Soviet Union is apparent; in fact, more Europeans see the Soviet Union as a military threat than did so only a few years ago.

As in Canada, perceptions of American policies and leadership are less positive today and, in some respects, they are surprisingly negative. Europeans and Canadians are much more likely than Americans to think the United

States might initiate a nuclear attack in Europe and to regard neither President Reagan nor Soviet President Andropov as credible on nuclear arms control (see Table 3). And more Europeans regard the United States military buildup and America’s “aggressive policies toward the U.S.S.R.” taken together as responsible for current international tensions rather than the Soviet buildup. If confidence in the Reagan administration were greater and more widespread among America’s allies, it might mitigate concerns about the effects of United States policies. Instead, the doubts reinforce one another.

CONCLUSION

It is perhaps paradoxical that one effect of NATO’s 1979 “dual-track” decision and the INF modernization program, prompted in large part by the desire to reassure Europeans of American commitments to defend their continent, has been to exacerbate the political conflicts within the alliance in the short term and to underscore public uneasiness in Europe about NATO’s strategy to ensure Western security. It is not at all paradoxical that one effect of the ongoing NATO modernization, and especially ongoing American “rearmament,” may have fanned public opposition to the development and deployment of new nuclear weapons among United States allies. It is difficult to judge whether these weapons systems could have been tested and brought onstream without widespread protests and fears if the official American rhetoric had been less strident and the usual obei-

⁸Greg Flynn, “Public Opinion and Atlantic Defence,” *NATO Review*, November-December, 1983, p. 8. On the nuclear arms race in broader East-West context, see Carl G. Jacobsen, “East-West Relations at the Crossroads,” *Current History*, vol. 82, no. 484 (May, 1983) pp. 201–204, 224–227.

sance had been paid to arms control talks. But current NATO policies have run headlong into a possibly fundamental shift of public attitudes (at least in Canada and among the European NATO members) that is both qualitatively and quantitatively different from the passing surge of protest that preceded the partial Test Ban Treaty of 1963. Part of the force behind this shift is almost certainly a popular antipathy toward nuclear weaponry. Much of the shift has been caused by the basic power structure of the alliance as well as its geography. The present "crisis" of public support for the alliance will probably pass. The opposition of publics and elites alike to NATO's current nuclear strategy, however, seems less likely to be short-lived. ■

CANADA AND RECESSION

(Continued from page 215)

doctrine naturally study that growth and write newspaper articles about it. Because American ideas generally exert some influence in Canada, monetarism has spread north of the 49th parallel, so that Canadian journalists and industrialists, like their American and British brethren, anxiously watch the weekly data on monetary growth.

The national government and the Central Bank, therefore, have become wary with respect to the monetary implications of a larger deficit. As for provincial and local governments, which spend much more than the national government but which do not sell bonds to the Central Bank, it is necessary, as always, to watch the conditions in capital markets and to maintain credit-worthiness. At a time when the slump was reducing some revenues and pushing up some outlays, like welfare payments, and when some other programs, like medicare, seemed to demand ever more spending, governments at all levels could not freely invent new and expensive reflationary programs.

Like other national governments, the Canadian authorities have talked about the need to prepare for recovery by restraining inflation. They have deployed the weapons of monetary restraint and public-sector pay controls. Several provinces have done likewise with respect to pay, and at least two provinces have actually tried to reduce the number of civil servants. Keynesian economists tend to deplore some of these devices, while monetarist economists and journalists tend to favor them; the macroeconomic effects, however, have probably not been very great. As for general price and wage controls, having experimented with such devices in the mid-1970's the national government shows no eagerness to repeat the experiment.

It is generally thought that unemployment rates, which are now around 12 percent of the labor force, will remain uncomfortably high even after the current recovery is well advanced. Technological change will continue to displace some labor, and the number of would-be workers will continue to rise. Hence, churches and public

figures are now deploying arguments that come right out of the 1930's, when unemployment rates were more than three times the present figure. Canadians are being told that the unemployed are less healthy, more likely to kill themselves, and less likely to live to a ripe old age. It is even said that they are more likely to be rapists, child beaters, and wife molesters, apparently because of discouragement. A good deal is being heard about the dignity of work—largely from people who would not survive for a week in the jobs whose dignity they are defending. Various eccentric solutions, such as a return to handicraft production or a prohibition on factory closings and layoffs, are being advanced with every appearance of seriousness. It is most improbable that any really silly ideas will be adopted, but perhaps one should expect a series of cosmetic gestures toward the unemployment problem. What one should not expect is deliberate manipulation of the economy, through the monetary and fiscal weapons of textbook Keynesian economics, in order to achieve full employment or "high and stable employment." In the 1940's and 1950's Canada's officials and politicians really believed the Keynesian message, even though they were conditioned by political realities in the administration of the medicine. But with the passage of time, and with the advent of new intellectual fashions, that belief has dribbled away—not refuted, but simply displaced.

One would like to believe that government and opposition parties, journalists, union leaders, and socialists would be weaned from their mercantilist preoccupations, if only to attend to the supply side of the economy. Here there is plenty to do. "Supply side economics," as such, has little or no following in Canada. But it must be admitted that in Canada, as in the United States, labor productivity has grown comparatively slowly since the early 1950's and not at all since the mid-1970's. Or so the data seem to indicate. If living standards are again to rise in any sustained way, if governments are to raise enough revenue to meet the many demands for public services, and if hours of work are to fall, labor productivity must rise. But how? One answer, or part of an answer, is to install better machinery and equipment. Another answer is an improved allocation of inputs—labor, machinery, natural resources—in order to reduce waste. But in Canada, as in the United States, there are powerful interest groups that oppose both solutions. In this respect, as in so many others, the North American economies are similar.

At present, a government commission is investigating Canada's prospects for economic development. This is the first such study since the mid-1950's. Naturally the commission is drenched with briefs, proposals, and special pleadings of all sorts, most of them irrelevant to its terms of reference. Commissions of enquiry have a long history in Canada and this one, like its predecessors, is sponsoring a serious research program. Novel insights should not be anticipated, although the recommenda-

tions are bound to be thoughtful and responsible. Nor should much impact be expected. Perhaps the "great public," as George Orwell called it, will learn a little about the facts of economic life. But government policy, as always, will be shaped by rather different considerations. H.A. Innis, the great Canadian economic historian, once said that for a social scientist in Canada there were two great risks: one would either die of despair, or laugh oneself into an early grave. In this respect, at least, little has changed since Innis himself died more than 30 years ago. ■

CANADIAN AGRICULTURE

(Continued from page 219)

in agriculture has not been as high as it should have been and that Canada has been seriously under-investing in agricultural research. In western Canadian agriculture, for instance, aggregate output grew by 2 percent annually, aggregate input use by 1 percent, and total factor productivity (the ratio of output to all inputs used in production) by approximately 1 percent over the period from 1962 to 1980—with productivity advance being somewhat stronger in the 1960's than the 1970's. Given the rather land-extensive nature of much crop and livestock production, particularly in western Canada, there would appear to be some scope for further productivity advance before moving to new technical frontiers associated with genetic engineering, improved photosynthetic efficiency, nitrogen fixation by cereals, and so on. For example, prairie grain and oilseed production could be expanded through extended cropping rotations involving less summer fallow and the adoption of biochemical innovation. Such biochemical technology would involve improved plant varieties, increased fertilizer use and improved water and snow management in dryland agriculture.

Productivity improvement is vital if Canadian farmers are to retain their foothold in international markets. In the 1980's, farmers have faced intensified cost-price squeeze pressures (adverse movements in the ratio of prices received by farmers to prices paid by farmers) and productivity advance has been a historical means of alleviating such pressures. The rate of productivity growth in Canadian agriculture could be considerably influenced by higher levels of public and private investment in agricultural research and development. In addition to more funds for agricultural research and sufficient scientific manpower to undertake research, improving the skills and abilities of farm families should be a high priority policy item. Ultimately, as the economist and Nobel Laureate Thomas W. Schultz has suggested, the quality of the labor force in agriculture and the possibilities for productivity advance are the key ingredients in agricultural growth.

Canadian agriculture also faces current and potential environmental problems. The key land use problem is the deterioration of soil quality in various parts of Canada,

particularly the prairie region, rather than the loss of prime farmland. Soil quality problems include loss of natural fertility, erosion, soil salinity, and soil acidification. Agricultural practices sometimes lead to water quality deterioration. Finally, there is concern about the use of some chemicals in farming that confer benefits but may also impose costs on society and may even impair the health of the farmer. The challenge is to develop agricultural production systems that are both economically and ecologically sustainable.

CONCLUSION

Canadian agriculture is, and is apt to remain, a family-farm-oriented industry. But Canada's dominant commercial farms, which produce the bulk of Canadian agricultural output, are no longer small farms. They are business enterprises with average capital assets worth over three-quarters of a million dollars. The farm sector faces continued income instability and guardedly optimistic market prospects, particularly in the grains sector. Primary agriculture has evolved as a relatively efficient sector, but increasing attention should be paid in future years to agricultural research and productivity improvement. Canadian agricultural policy should also deal with questions of marketing board reform, improved stabilization measures, resolution of grain marketing and transportation issues and the improvement of soil and water quality. The development of a new policy for Canadian agriculture will be no easy matter, given the various federal, provincial, regional and commodity group interests at stake and given the often diverging views of producers, consumers and taxpayers. ■

CANADIAN POLITICS

(Continued from page 210)

RCMP's security function to a civilian agency, the Canadian Security Intelligence Service. The government's effort to bridge the public interest and national security, on the one hand, and private rights and appropriate accountability, on the other, is a delicate task. The government has reluctantly made some concessions from the original version of its security legislation, but not enough to satisfy civil libertarian critics and the NDP, who contend that the legislation continues to tilt too prominently on the side of the authorities.

CIVIL RIGHTS

The Charter of Rights addresses group as well as individual rights, and overall its intent is positive. It is useful to summarize how the Charter, and Canadian practice generally, are relevant to the status of women, native peoples and users of Canada's two official languages.

Canadian women remain underrepresented in higher positions, and equality of the sexes remains a goal rather than a reality; yet substantial progress has been achieved in recent years. The Charter's language not only pro-

claims legal equality, but explicitly allows remedial affirmative action. Two provinces and the federal government have in fact taken steps toward the principle of equal compensation for equal value of work. Only 15 of the 282 members of the current House of Commons are women, but this represents a higher proportion of women than in the United States House of Representatives or the British House of Commons. Trudeau has named a number of women to the appointive Canadian Senate. A woman is president of the Liberal party, and the Liberal government's Governor-General designate—a former House Speaker—is a woman. The Canadian parties are stepping up efforts to open more opportunities to women, and for the moment there is no evidence of a Canadian “gender gap,” favoring one party over another.

In contrast, the position of Canada's native peoples is not clearly defined by the Charter. To be sure, early in his prime ministership Trudeau substituted pluralism for assimilation as a federal policy toward native peoples. Yet the native issue is exceptionally complex. Its details are covered elsewhere in this issue.¹ But it should be remembered that “native peoples” include Indians of various tribes and bands, Inuit (Eskimos), and Metis. It involves native groups divided by location, social bonds and by the jurisdictional variation endemic to Canadian federalism. The actual electoral leverage of native peoples is slight, but they often occupy valuable lands, frequently rich in natural resources. They have resorted to highly visible lobbying tactics, and have attracted a fair amount of sympathy for their socioeconomic plight.

When the Charter was drafted, there was no consensus on native rights in Ottawa and the provinces. Instead, provision was made for a series of native group/federal/provincial joint conferences, on the basis of which a consensus would be sought. By 1983, constitutional protection for land claims was established, and it was agreed that no constitutional alterations would be undertaken without prior consultation with the affected native groups. In the meantime, the federal government has negotiated settlements in exchange for the surrender of major aboriginal land claims in the northern territories. For their part, the provinces have been uneasy about conceding claims for which they might eventually be held financially responsible. Holding fast to the principle of noninvolvement in the new constitution, Quebec has refused to adhere to any newly cobbled, national native code. Instead, it has promised its native peoples rights parallel to those enjoyed by natives elsewhere in Canada, but under the aegis of Quebec.

The single most obtrusive group civil rights issue in Canada remains language rights. Under Trudeau, a federal Official Languages Act was enacted, providing for the availability of both English and French in federal institutions and agencies. Major resources have been invested to draw more Francophones into the higher

reaches of the federal establishment and to foster bilingualism among public servants. Monies have been allotted to encourage the teaching of a second official language in schools nationwide. There is a dual political objective behind these programs: to assuage feelings among Francophones; and to contribute toward a broader, pluralist nationalism. Although there has been progress in both directions, it has not been reached without resentment among many Anglophones, especially in the west. These programs have also often been belittled by the PQ as entirely inadequate to serve Quebec. The Conservatives have traditionally been regarded as casual toward Francophone interests. However, the party is committed to rectifying this tradition, and Mulroney appreciates the electoral significance of the Francophones.

The Charter itself assures access to government institutions in either official language and establishes the right of all linguistic minorities to an English or French education. Some provinces, notably New Brunswick, made headway in this direction even before the Charter became the law of the land. But serious, divisive problems remain. To the indignation of the Trudeau government and most Canadians, Quebec has undertaken severe measures to limit the use of English in Quebec, ranging from eliminating the right of merchants to post signs in English to limiting the definition of those eligible to take their education in English. The provincial government claimed that exceptional measures were required if the integrity of French language and culture were to be safeguarded. The PQ has recently been softening selected aspects of its language policies, but its record has made it more difficult for the Francophone cause to be accepted in stride elsewhere.

A bitter clash over French language rights for Manitoba's small Francophone minority is a case in point, illustrating how tradition, prejudice, narrow self-interest and passionate politics can exasperate the evolution of a cross-cultural way of life. The Manitoba NDP government has produced a relatively modest French language rights measure that it says is consistent with constitutional obligations. But the Conservative opposition, firmly against the specific measure, is boycotting legislative business and preventing a vote. The impasse has attracted the attention of the federal parties, all of which—including the Conservatives—have called for a suspension of the boycott and for passage of the bill.

POLITICS AND THE ECONOMY

The management of Canada's economy has not escaped its full share of party politics and of federal-provincial maneuverings. By the beginning of 1984, the nation's economy had made a substantial recovery, and inflation had been whittled down. Unemployment, however, still stood at a harsh 11 percent. The Liberals were claiming credit for the favorable signs, and continuing economic buoyancy may still save them from

¹For more on native rights, see the article by Gurston Dacks in this issue, pp. 220ff.

defeat in the next election. Conservative critics have focused on the darker side of the picture, tying unemployment to Trudeau's failure to create an austere 1984 budget that would lower interest rates and otherwise stimulate long-term recovery. The NDP has also been unhappy with the budget, especially its alleged disregard for Canada's disadvantaged. But the party has not been able to translate its progressive programs into electoral credit. It has not been arguing for nationalization measures, but in a middle class-minded community its image as a narrowly oriented, trade-union-associated party has been harmful.

The Liberals thought they had a popular electoral advantage on the issue of Medicare. Under the Medicare scheme jointly funded by Ottawa and the provinces but administered by the provinces, the Trudeau government has introduced legislation designed to eliminate billing above scale and medical user fees in various provinces. The affected provinces have protested vociferously. For a time, it seemed that the federal Conservative party would also object—though the Medicare program enjoys widespread public support and the government portrayed the Liberal plan as a way to salvage the principles of universal coverage and reasonable access to services. But Mulroney and the Conservatives have accepted the government's position, thereby depriving the Liberals of an issue.

In the event, the federal parties have largely been bystanders to confrontations between provincial governments and workers. Confrontations are traceable to recessionary conditions, with governments striving to economize where possible. The Quebec government originally legislated some of the most progressive trade union measures in the nation, but when faced with a teachers' strike it brought in draconian legislation that enraged the province's unions and brought vilification upon a party already electorally embattled. In 1983, British Columbia public employees struck for nearly two weeks. British Columbia is the most highly unionized province in Canada, and houses some of the nation's most radical working class sentiments. A settlement barely averted a general strike against the province's Social Credit government. At this writing, Alberta's Conservative government faces its own showdown with angry workers, who are accusing the province of threatening unconscionable public service layoffs and union-busting measures ostensibly designed to bring about more affordable wages in the construction industry.

Troubled conditions of this nature indicate that Canadian federalism is a kaleidoscope of competing interests and varying approaches to conflict management. But given the complexity of consensus-building and other issues facing Canada, the national political system avoids an overload when controversies can be played out at the provincial level.

Pierre Elliott Trudeau will not be Canada's next Prime Minister. His years in office have produced their share of

failure, frustration and even contradiction. But on balance they have been years of forward movement (sometimes with provincial assistance, on a number of occasions without) toward a more humane and more nationally spirited community. ■

BOOK REVIEWS

(Continued from page 225)

(New York: New York University Press, 1983. 380 pages, notes and index, \$37.50, cloth; \$15.00, paper.)

THE NON-ALIGNED, THE UN AND THE SUPER-POWERS. By *Richard L. Jackson*. (New York: Praeger, 1983. 315 pages, bibliography, appendices and index, \$29.95.)

The role the United States should play in the United Nations has often been the subject of intense debate among those responsible for implementing United States foreign policy. Recent cuts in U.S. funding, the intended U.S. withdrawal from UNESCO, and the increase in negative rhetoric toward the UN have sharpened the debate and exacerbated tensions between the United States and the UN. The books by Gati and Jackson are welcome attempts at a clear-headed assessment of the United States position.

Gati's selection of essays broadly surveys the changes in the last 35 years that have increased the number and the power of smaller nations in the UN. The selection of essays on the future of United States participation in the UN range from the strongly pessimistic (Stephen Krásner's view that the United States should begin a "selective disengagement" from the UN) to the moderate (Richard Bissell's argument that the UN offers the best forum for multilateral discussions of issues that will inevitably involve the United States).

Jackson's work seeks to dispel the perception that the movement of third world nonaligned nations known as NAM is ineluctably anti-United States and pro-Soviet. He argues that the Soviet Union's favorable position among the nonaligned owes more to events and the Soviet Union's "anti-colonialist" posturing than to any inherent third world bias toward the United States. Rather than constantly decrying NAM's pro-Soviet "tilt," the United States should develop a well-integrated approach toward NAM that addresses shared interest problems like the Middle East, Namibia, and North-South economic relations. Jackson points out that both the United States and NAM would gain from cooperation on these issues; the current confrontational stance between the United States and NAM that is exploited by the Soviet Union would thus be undercut and substantive progress and better relations could be achieved. Having served as a political adviser to the United States mission to the UN, Jackson's arguments and insights are backed by first-hand knowledge; his call for a new approach deserves attention.

W.W.F.

SOVIET POLICY FOR THE 1980's. *Edited by Archie Brown and Michael Kaser.* (Bloomington: Indiana University Press, 1983. 282 pages, notes and index, \$19.50.)

This is a first-rate collection of essays edited by two well-known Oxford Soviet specialists. Written before Yuri Andropov's brief tenure as President, the various topics covered are still worth reading because of the relevant problems and prospects outlined and the quality of the authors. The contributors include David Holloway on foreign and defense policy, Philip Hanson on foreign economic relations, John Hazard on legal trends and Alec Nove on agriculture. W.W.F.

INTERNATIONAL ARMS CONTROL: ISSUES AND AGREEMENTS. Second Edition. *Edited by Coit D. Blacker and Gloria Duffey.* (Stanford: Stanford University Press, 1984. 502 pages, bibliography, appendices and index, \$45.00, cloth; \$16.95, paper.)

ARMS CONTROL: THE MULTILATERAL ALTERNATIVE. *Edited by Edward C. Luck.* (New York: New York University Press, 1983. 258 pages, notes and index, \$15.00.)

International Arms Control, which is published under the auspices of the Stanford Arms Control Group, is one of the best introductions available on a subject that has been much depreciated lately. This second edition covers clearly and comprehensively the history, motivations, goals and future of arms control. Appendices provide the full texts of major arms limitations treaties.

Edward Luck's study analyzes a forum for arms control negotiations that has been viewed by most American policymakers (to paraphrase Michael Nacht) as "the bad, the dull and the empty." The perception is unfortunate, because multilateral negotiations involving the United States and the U.S.S.R. have led to six major treaties, including the Limited Test Ban Treaty and the Nuclear Non-Proliferation Treaty. The papers in this volume all point toward the need for public and government awareness that multilateral negotiations are viable and sometimes necessary alternatives to bilateral talks. W.W.F.

SOVIET POLICY AND PRACTICE TOWARD THIRD WORLD CONFLICTS. *By Stephen T. Hosmer and Thomas W. Wolfe.* (Lexington, Mass.: Lexington Books, 1983. 317 pages, bibliography and index, \$23.95.)

A useful overview of Soviet policy in the third world, this study, written under the auspices of the Rand Corporation, explores the implications of the growing Soviet involvement on behalf of clients in Africa, the Middle East, and Latin America. The assessment is solid, but it does not explore new perspectives.

Alvin Z. Rubinstein
University of Pennsylvania

ROSA LUXEBURG, WOMEN'S LIBERATION, AND MARX'S PHILOSOPHY OF REVOLUTION. *By Raya Dunayevskaya.* (Atlantic Highlands, N.J.: Humanities Press, 1982. 234 pages, selected bibliography and index, \$19.95, cloth; \$10.95, paper.)

This highly readable biography places one of this century's leading revolutionary feminists in the broader context of Marxist thought. It is a very welcome contribution to the studies of contemporary Marxism.

A.Z.R.

THE UNITED STATES AND PAKISTAN: THE EVOLUTION OF AN INFLUENCE RELATIONSHIP. *By Shirin Tahir-Kheli.* (New York: Praeger, 1982. 167 pages, bibliography and index, \$21.95, cloth; \$10.95, paper.)

This unusually informative assessment of United States relations with Pakistan sheds new light on the Bhutto presidency, the off-again, on-again arms relationship between the United States and Pakistan, and the controversial issue of Pakistan's secret effort to build a nuclear weapon. Sharp portraits of key personalities enhance the value of this study. A.Z.R.

THE RUSSIAN VERSION OF THE SECOND WORLD WAR. *Edited by Graham Lyons.* (New York: Facts on File, 1983. 142 pages, photographs, appendices and index, \$14.95.)

This selection of articles from Soviet schoolbooks contains the expected omissions and truth twistings on the extermination of the Jews (the death camps only exterminated "people"), the 1939 Soviet-German nonaggression pact (no mention is made that part of Poland was "given" to the U.S.S.R. for its part in the pact), and the "strength and readiness" of the Red Army before the German invasion (Stalin purged its most experienced leaders in the mid-1930's).

W.W.F.

SOVIET FOREIGN POLICY AND EAST-WEST RELATIONS. *Edited by Roger E. Kanet.* (New York: Pergamon Press, 1982. 197 pages, notes, tables and index, \$25.00.)

This volume of essays contains an important piece by Christer Jönsson on Soviet foreign policy decision-making that points out "that we have to recognize the existence of *different* Soviet perceptions of international relations." Jönsson proposes a model that focuses on the importance of "groupings" or policymaking factions that form around an issue and "bargain" about the proper action. There are several other very good essays in the volume, including those by Heinz Timmermann on the political impact of Eurocommunism in East Europe and by Hiroshi Kimura on Japan's reaction to the Soviet Union's 1979 invasion of Afghanistan. W.W.F. ■

THE MONTH IN REVIEW

A Current History chronology covering the most important events of March, 1984, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Arms Control

Mar. 16—Talks resume on Mutual Balanced Force Reductions in Central Europe.

European Economic Community (EEC)

Mar. 19—The leaders of the 10 countries that make up the EEC meet in Brussels; Britain's Prime Minister Margaret Thatcher demands changes in the community's farm policy and asks for a \$1.5-billion rebate for Britain's contribution to the EEC's \$24-billion annual budget.

Mar. 20—EEC leaders agree in principle that Spain and Portugal should be admitted by September, 1984; the conference ends after the members vote 9 to 1 to deny Britain a rebate.

Mar. 31—EEC agriculture ministers announce that the community's milk production will be cut and that farm price supports will be reduced; Britain pushed for the cuts in order to put the EEC on a sounder financial footing.

Iran-Iraq War

(See also *UN; Germany, West; U.S., Foreign Policy*)

Mar. 2—The Iraqi military again warns foreign shipping not to approach Iranian ports in the Persian Gulf; Iraq has threatened to treat all foreign ships as military targets.

Mar. 5—The U.S. State Department formally accuses Iraq of using chemical weapons in its latest round of fighting with Iran.

Mar. 6—Iraqi Defense Minister General Adnan Khairallah condemns the U.S. for "political hypocrisy" in its charge that Iraq is using chemical warfare; Khairallah does not flatly deny the U.S. charge.

Mar. 13—Iran charges that Iraq used chemical weapons today in an attack on Iranian positions on Majnoon Island.

Mar. 29—An Iraqi military spokesman announces that Iraqi jets have attacked 4 ships in the Persian Gulf; a Greek shipping company confirms that one of its ships was bombed and set on fire.

Lebanon Crisis

(See also *France; Israel*)

Mar. 2—Lebanese opposition leaders Walid Jumblat and Nabih Berri agree to drop their demand that President Amin Gemayel resign.

Mar. 5—Lebanon formally cancels its May 17, 1983, security and troop withdrawal agreement with Israel.

Mar. 9—Heavy fighting is reported in Beirut along the line that separates the city into Muslim and Christian sections.

Mar. 12—President Gemayel opens talks in Lausanne, Switzerland, among the 8 factional leaders who have been battling his government and each other; this is the 2d national reconciliation conference in 5 months.

Mar. 13—The conference participants agree on a cease-fire pact for Beirut.

Mar. 16—William F. Buckley, the first secretary in the U.S. Embassy in Beirut, is kidnapped on his way to work; no one takes responsibility for the kidnapping.

Mar. 20—The Lausanne reconciliation talks end without an accord; observers say that the talks failed because the factional leaders refused Berri's proposal to modernize the state

system and the Christian leaders refused to grant Muslims more power.

Mar. 22—Druse militiamen clash with a Sunni Muslim militia group, the Murabitoun, in Beirut; the Druse say that the Murabitoun were causing disruptions and were allowing Palestinian fighters to enter Beirut.

Mar. 25—The French contingent of the multinational peace-keeping force begins to withdraw; the French are the last of the force to leave Lebanon.

Mar. 28—18 people are killed and over 100 are wounded when Muslim and Christian militia forces shell portions of Beirut.

Mar. 31—The last 300 members of the French peacekeeping force leave Beirut.

Organization of American States (OAS)

Mar. 12—João Clemente Baena Soares of Brazil is elected Secretary General of the OAS by a unanimous vote.

St. Kitts-Nevis is admitted as the 32d member.

United Nations (UN)

(See also *Sudan; U.S., Foreign Policy*)

Mar. 14—The U.S. and 23 other countries belonging to the UN Educational, Scientific and Cultural Organization (UNESCO) give its director general a list of the changes they wish to see implemented.

Mar. 26—A UN delegation reports that it has collected substantial physical evidence that chemical weapons are being used in the Iran-Iraq war.

ANGOLA

Mar. 17—President José Eduardo dos Santos arrives in Havana for talks with Cuban President Fidel Castro; Cuba maintains about 25,000 troops in Angola.

Mar. 19—A communiqué is issued by dos Santos and Castro; it lists conditions for the removal of the 25,000 Cuban troops from Angola that include the withdrawal of South African soldiers from Angola and the ending of South African aid to anti-government guerrillas in southern Angola.

Mar. 30—Jonas Savimbi, head of the guerrilla group UNITA (the National Union for the Total Independence of Angola), says in an interview that he wants to form a government of national unity with the present leadership; he says that if his offer is rejected he will intensify the war.

ANGUILLA

Mar. 10—According to election results announced today, the Anguilla National Alliance won 50 percent of the vote yesterday; Chief Minister Ronald Webster's Anguilla People's party is voted out of office.

ARGENTINA

(See also *U.S., Foreign Policy*)

Mar. 22—The Criminal Court of Appeals in Buenos Aires rules that the trials of army officers charged with the "disappearance" of civilians are outside the jurisdiction of military courts and must take place in civilian courts.

BANGLADESH

Mar. 26—The military government lifts a ban on political

activity and frees 215 political detainees, to mark the 13th anniversary of independence from Pakistan.

Mar. 29—President H.M. Ershad, the military head of state, appoints Ataur Rahman Khan as Prime Minister; Khan is the head of a political party that has supported military rule.

BRAZIL

(See *Intl, OAS*)

CANADA

Mar. 6—Justice Francis C. Muldoon of the Federal Court rejects a request by antinuclear groups for an injunction to bar the flight testing of U.S. cruise missiles over Canada. Later in the day, a U.S. B-52 carries unarmed cruise missiles on a test flight over western Canada; the missiles are not released from the plane.

Mar. 8—The Supreme Court rules unanimously to uphold federal control over the offshore Hibernia oil field; Newfoundland claimed that the oil belonged to the province and was not owned by the federal government.

Mar. 16—John Turner, a former finance minister in the government of Prime Minister Pierre Elliott Trudeau, announces that he is running for the leadership of the Liberal party.

Mar. 21—At a ceremony in Ottawa, health and environment ministers from Canada and 9 European countries sign an agreement to reduce sulfur emissions by at least 30 percent in the next decade.

CHILE

Mar. 23—Interior Minister Sergio Onofre Jarpa announces that a state of emergency has been decreed; the emergency follows several recent bombings in central Chile.

Mar. 27—Thousands of Chileans observe a general strike to protest the military government's unwillingness to begin a return to democracy; 3 people are killed by army gunfire in Santiago and Concepción.

CHINA

(See also *Japan; U.S.S.R.*)

Mar. 2—Wan Li, a Deputy Prime Minister, confirms that one of the Soviet Union's First Deputy Prime Ministers, Ivan V. Arkhipov, has been invited to China for talks in May; Arkhipov will be the highest-ranking Soviet official to visit China in the last 15 years.

Mar. 12—The 4th session of the negotiations with the Soviet Union on normalization of relations begins in Moscow; the talks began in October, 1982.

Mar. 17—Talks with Great Britain on the status of Hong Kong end in Beijing; further talks are planned.

Mar. 19—Minister of Finance Wang Bingqian tells visiting U.S. Secretary of the Treasury Donald Regan that China wants to expand U.S.-China trade; he asks for the abolition of U.S. restrictions on the import of Chinese goods.

Mar. 21—Finance Minister Wang and Secretary Regan complete a tax treaty between the U.S. and China that will be formally signed by U.S. President Ronald Reagan and Prime Minister Zhao Ziyang when President Reagan visits China in May.

COLOMBIA

Mar. 11—Elections are held for city councils and state assemblies; 7 people are killed in election-related violence.

CUBA

(See *Angola*)

EGYPT

(See *U.S., Foreign Policy*)

EIRE

(See also *U.S., Foreign Policy*)

Mar. 17—Dominic McGlinchey, a member of the Irish National Liberation Army who claims he has killed 30 people, is captured by detectives in a town west of Dublin; he will be extradited to Northern Ireland.

EL SALVADOR

(See also *Honduras; U.S., Foreign Policy*)

Mar. 3—Defense Minister General Eugenio Vides Casanova denies allegations made by an unnamed Salvadoran military officer that Casanova covered up evidence pertaining to the rape and murder of 4 U.S. churchwomen in 1980.

Mar. 4—Roberto d'Aubuisson, head of the Nationalist Republican Alliance party, denies a former Salvadoran military official's accusations that d'Aubuisson directed some of the death squads in El Salvador.

Mar. 14—Unidentified gunmen assassinate Héctor Julio Flores Larín, a conservative deputy to the Constituent Assembly.

Mar. 15—Tito Adalberto Rosa, coordinator of the rightist Salvadoran Authentic Institutional party, is killed by gunmen.

A leftist guerrilla group takes responsibility for killing Larín yesterday.

Mar. 19—Rubén Zamora, a political guerrilla leader, says that the elections will "not be a military target" for the guerrillas; but he says that about 90 municipalities under guerrilla control will not hold elections.

Mar. 20—*The New York Times* reports that the unnamed military official who accused Casanova and d'Aubuisson was paid \$50,000 by critics of U.S. policy to speak out against the 2 men.

Mar. 21—Former U.S. Ambassador to El Salvador Robert White admits he incorrectly identified a man living in Miami as a director of the death squads in El Salvador.

Mar. 25—Presidential elections are held in government-controlled areas; observers report much confusion over election rules and some guerrilla disruptions.

Mar. 27—U.S. Under Secretary of Defense for Policy Fred Iklé says that the guerrillas receive about half their arms from the armed forces of El Salvador; he says that most of their ammunition comes from Cuba and the Soviet Union.

Mar. 29—Salvadoran army Lieutenant Colonel Domingo Monterrosa says that the U.S. is providing U.S. pilots and U.S. C-130 planes for reconnaissance information on guerrilla movements before and after combat.

Mar. 30—Military officials report that Captain Eduardo Alfonso Avila, a prime witness to the 1981 killing of 2 U.S. labor advisers by National Guard troops, was released from jail last week.

Mar. 31—Rafael Hasbun, the chief campaign adviser to rightist presidential candidate d'Aubuisson, is shot and killed by leftist guerrillas in San Salvador.

ETHIOPIA

Mar. 7—Unnamed Western diplomats report that the government has expelled 2 Soviet diplomats for spying.

FRANCE

(See also *Intl, Lebanon Crisis*)

Mar. 4—Police estimate that more than a half million people are taking part in a protest in Versailles against the government's plan to tighten control of the nation's mostly Roman Catholic private schools.

Mar. 8—About 20,000 public workers stage a 1-day strike to protest government efforts to limit wage increases.

Mar. 22—As part of his visit to the U.S., President François

Mitterrand addresses the U.S. Congress.

Mar. 24—The Defense Ministry announces that the 1,250-man French contingent of the peacekeeping force in Beirut will be withdrawn by March 31.

Mar. 26—The Lebanese Armed Revolutionary Factions, a terrorist group, takes responsibility for the shooting and wounding of a U.S. consul general in Strasbourg this morning.

Mar. 29—Steelworkers in Lorraine protest the government's plan to restructure the steel industry; the plan, announced today, would eliminate 25,000 steelworkers' jobs.

GERMANY, WEST

(See also *U.S., Foreign Policy*)

Mar. 3—Chancellor Helmut Kohl arrives in Washington, D.C., for talks with U.S. President Reagan.

Mar. 25—The Christian Democrats retain a majority of local positions in state elections in Baden-Württemberg; the Green party becomes the state's 3d largest party (after the Social Democrats).

Mar. 30—A senior government official says that a West German-made pesticide laboratory exported to Iraq is not producing nerve gas; U.S. intelligence officials claim that Iraq's nerve gas supplies are made at the recently constructed plant.

GHANA

Mar. 25—The government-controlled radio in Accra reports that an attempted coup was crushed last night.

GREECE

Mar. 8—The government reports that 1 of its warships was fired on by Turkish ships in the Aegean Sea; it places its armed forces on alert.

Mar. 9—The government says that "clarifications" received from Turkey show that the Turkish warships did not intentionally fire on the Greek ship yesterday.

Mar. 28—Kenneth T. Whitty, a first secretary of the British embassy in Athens, is shot and killed by an unidentified gunman.

Mar. 30—U.S. Secretary of Defense Caspar Weinberger meets in Athens with Prime Minister Andreas Papandreou to discuss U.S. military bases in Greece; thousands of people protest his visit while the meeting is taking place.

GUINEA

Mar. 27—President Ahmed Sékou Touré dies; he headed the country for 28 years. Prime Minister Lansanda Béavogui becomes the acting President.

HONDURAS

Mar. 24—A unit of the U.S. 82d Airborne Division parachutes into Honduras for a 3-day exercise with Honduran troops; the exercise coincides with the Salvadoran election.

Mar. 31—General Gustavo Alvarez Martínez, commander of the army, is forced to resign; the Ministry of the Presidency, which makes the announcement, says that General Alvarez was asked to leave the country. The head of the security police, the army chief of staff and the commander of the navy are also removed from their posts.

INDIA

Mar. 19—The Parliament extends by 6 months direct government control of the state of Punjab.

Mar. 20—The government formally accuses Sikh leader Harchand Singh Longowal of sedition; in November, Longowal distributed a letter to Commonwealth nations urging them to aid the Sikh autonomy campaign in Punjab.

Mar. 29—Prime Minister Indira Gandhi's Congress party gains an additional 20 seats in indirect elections in the upper house of the Parliament.

IRAN

(See *Intl, Iran-Iraq War*)

IRAQ

(See *Intl, Iran-Iraq War; U.S., Foreign Policy*)

ISRAEL

(See also *Intl, Lebanon Crisis; Jordan*)

Mar. 4—6 Arabs are wounded when 4 men fire on a bus in the occupied West Bank; in Jerusalem a hand grenade explodes outside the Hospice, a hospital that serves Arabs.

Mar. 5—The police arrest 7 American Jewish settlers for yesterday's attacks.

Prime Minister Yitzhak Shamir issues a statement condemning Lebanon's cancellation of its security agreement with Israel today.

Mar. 7—3 Israelis are killed and 9 are wounded when a bomb explodes on a bus in the port city of Ashdod; a Palestinian terrorist group, the Revolutionary Council of the Fatah, claims responsibility for the attack.

Mar. 13—Prime Minister Shamir says that the Soviet Union will not renew ties with Israel because it hates the Jews.

Mar. 28—The governing Likud coalition and the opposition Labor party agree to hold early elections on July 23.

JAPAN

Mar. 23—Prime Minister Yasuhiro Nakasone arrives in China for a 4-day visit; he will sign loan agreements with the Chinese that will provide them with \$2.1 billion in low-interest loans over the next 7 years.

Mar. 24—U.S. Treasury Secretary Donald T. Regan ends a 2-day visit.

JORDAN

(See also *U.S., Foreign Policy*)

Mar. 13—In the 1st national elections in 17 years, 8 men are elected to fill vacant positions in the lower House of Parliament.

Mar. 14—In an interview with *The New York Times*, King Hussein says that the U.S. "is succumbing to Israeli dictates" because of the aid the U.S. gives to Israel; he says that this "choice" has cost the U.S. its credibility as an independent mediator in the Middle East.

Mar. 26—British Queen Elizabeth II arrives in Amman on a state visit.

LEBANON

(See *Intl, Lebanon Crisis; France; Israel*)

LIBYA

(See *Sudan; U.K., Great Britain*)

MEXICO

Mar. 29—A Bank of Mexico spokesman reports that Mexico's gross domestic product declined 4.7 percent in 1983, the largest drop in Mexico's history.

MOROCCO

Mar. 3—King Hassan II announces that farmers will be exempted from taxes until the year 2000; 6 weeks ago more than 100 Moroccans were killed in riots after it was rumored that food prices were to be increased.

MOZAMBIQUE

Mar. 16—Mozambique and South Africa sign a nonaggression

pact; they promise to withhold aid for the revolutionary groups that each supports.

Mar. 24—Government officials say that Maputo police have raided the homes of activists who belong to the African National Congress (ANC).

NAMIBIA

(See *South Africa*)

NICARAGUA

Mar. 9—Representatives of 3 opposition parties and a labor union withdraw from the Council of State, Nicaragua's appointed legislature that is dominated by Sandinista supporters.

Mar. 16—The Council of State approves a law that provides for the election of a President, a Vice President and 90 members of a National Assembly; opposition groups say that the law is unfair because it does not provide for equal time on television and radio for campaigning by opposition groups.

Mar. 20—A Soviet oil tanker is damaged in the port of Puerto Sandino after it hits a mine deployed by anti-government guerrillas; 5 men are reported injured.

Mar. 28—A government spokesman says that Defense Minister Humberto Ortega Saavedra will leave tomorrow for the Soviet Union and North Korea.

NIGERIA

Mar. 4—*The New Nigerian*, a government-owned newspaper, says that as many as 1,000 people have been killed in riots in northern Nigeria in the last week; the riots stem from protests by Muslim fundamentalists in the city of Yola.

PHILIPPINES

Mar. 7—About 50,000 anti-government protesters demonstrate in Manila, calling for a boycott of the May 14 National Assembly elections and the resignation of President Ferdinand Marcos.

Mar. 18—In a nationally televised speech, Marcos calls on U.S. legislators to keep out of the internal affairs of the Philippines.

POLAND

Mar. 8—3,000 young people attend a morning-long mass in Garwolin to protest the government's decision to remove crucifixes from the public school classrooms.

Mar. 9—Roman Catholic Church and government officials meet to discuss the school crucifix issue.

Mar. 13—Bishop Jan Mazur announces that the Polish Roman Catholic Church insists that crucifixes remain in the public schools.

Mar. 16—Prime Minister General Wojciech Jaruzelski says that the Communist authorities want "good relations with the Roman Catholic Church" but that the Church should not engage in political activity under the guise of Church activity.

PORTUGAL

(See *Intl, EEC*)

SOUTH AFRICA

(See also *Angola; Mozambique*)

Mar. 1—Herman Toivo ya Toivo is freed from prison after serving 16 years; Toivo was interned after he set up the South-West Africa People's Organization (SWAPO), a group committed to independence for Namibia.

Mar. 11—Foreign Minister Roelof F. Botha announces that South Africa is willing to convene a regional peace conference on Namibia that would have no preconditions and would include SWAPO representatives.

Mar. 31—Foreign Minister Botha announces that South Africa and Swaziland signed a nonaggression pact 2 years ago that is similar to that signed with Mozambique.

SPAIN

(See also *Intl, EEC*)

Mar. 17—The Congress of Deputies approves the Law of the Right of Education; the bill increases the state's control over the curriculum of Catholic schools.

SUDAN

(See also *U.S., Foreign Policy*)

Mar. 3—President Gaafar al-Nimeiry says he will wage war against Libya and Ethiopia if they do not stop supporting rebel forces in southern Sudan; the guerrillas want the animist and Christian south of the country to become independent of the Muslim-dominated north; fighting has intensified following Nimeiry's recent imposition of Muslim law on the entire country.

Mar. 16—The government accuses Libya of today's bombing in Omdurman; 5 people were killed when a Soviet-built bomber dropped 5 bombs on the city, according to the Sudanese military command. Other observers claim that the plane was a MiG-15 and that the bombing was secretly ordered by President Nimeiry.

Mar. 27—Foreign Minister Mohammed Mirghani Mubarak calls on the UN Security Council to condemn Libya for its alleged bombing of Omdurman.

SYRIA

Mar. 11—Following the Cabinet's resignation at his request on Mar. 6, President Hafez Assad names 3 new Vice Presidents and new appointees to the Cabinet.

Mar. 13—Geidar A. Aliyev, one of the Soviet Union's First Deputy Prime Ministers, leaves Damascus after 3 days of talks with Assad.

TAIWAN

Mar. 21—President Chiang Ching-Kuo is reelected to a 2d 6-year term by the National Assembly.

THAILAND

Mar. 29—The military says that it captured 40 Vietnamese after a battle with Vietnamese forces on March 24 near the Kampuchean border.

TURKEY

(See also *Greece*)

Mar. 1—The government lifts martial law in 13 provinces; 54 provinces will remain under martial law for another 4 months.

Mar. 25—Unofficial results from today's local elections show that Prime Minister Turgut Ozal's Motherland party has won nearly 10 million of the 20 million votes cast for mayors, provincial assembly members and city council members.

U.S.S.R.

(See also *China; Israel; Nicaragua; Syria; U.S., Foreign Policy*)

Mar. 2—General Secretary Konstantin U. Chernenko tells unopposed candidates to the Supreme Soviet that it is up to the U.S. to act if it wants to engage the Soviet Union in better relations.

Mar. 7—The official press agency Tass issues a statement saying that the increased U.S. naval presence in the Persian Gulf creates "a grave threat to peace."

Mar. 21—Foreign Minister Andrei A. Gromyko personally hands a note to the U.S. chargé d'affaires at the U.S. embassy in Moscow that protests the alleged U.S. complicity in

the mining of Nicaragua's Puerto Sandino.

Mar. 26—Talks between Chinese Deputy Foreign Minister Qian Qichen and a Soviet delegation end.

UNITED KINGDOM

Great Britain

(See also *Intl, EEC; Anguilla; China; Greece; Jordan*)

Mar. 10—London police say that Libyan terrorists may have planted the bomb that injured 24 people at a nightclub today; 3 other bombs are found in the capital before they explode.

Mar. 11—3 people are hurt when 2 bombs explode in Manchester near an apartment occupied by Libyans.

The government summons 2 Libyan diplomats and asks them to help stop the bombings, which are apparently aimed at Libyan exiles.

Mar. 12—The state Coal Board reports that 91 of 174 collieries have been closed by strikes; the National Union of Mine-workers is protesting layoffs and mine closings.

Mar. 13—A Libyan businessman and 3 other men are arrested and charged with the bombings in London and Manchester.

Northern Ireland

(See also *Eire*)

Mar. 14—Gerry Adams, the head of the political wing of the Provisional Irish Republican Army, is shot and wounded in Belfast by unidentified gunmen.

UNITED STATES

Administration

(See also *Congressional Inquiry*)

Mar. 2—Administrator of the Environmental Protection Agency (EPA) William D. Ruckelshaus announces new safety limits on the amount of ethylene dibromide (EDB) residue that can remain on commercial citrus fruits and papayas, to take effect in 30 days.

Mar. 15—In conference with congressional Republican leaders, President Ronald Reagan agrees to reduce his request for military spending over the next 3 years by \$57 billion as part of a plan to reduce the federal budget deficit \$150 billion during that period.

White House spokesman Larry Speakes reports that a man with a loaded shotgun was shot by a guard just outside the White House grounds.

Mar. 16—The Department of Agriculture reports that it has paid \$431 million to U.S. banks since May, 1983, to make up arrears in government-guaranteed loan payments by Brazil, Romania, Peru and Morocco.

Mar. 19—Rejecting more rigorous standards, the Civil Aeronautics Board agrees to ban smoking on commercial planes with no more than 30 seats and to ban cigar and pipe smoking on all domestic commercial flights.

Mar. 20—President Reagan rules that the Defense Department will act in an advisory role to the Commerce Department in granting export licenses for high technology products exported to non-Communist countries as well as to Communist countries; heretofore it advised the Commerce Department only with regard to such products exported to Communist countries.

Mar. 27—The Nuclear Regulatory Commission votes informally not to permit low power test operations at California's Diablo Canyon nuclear power plant until its Advisory Committee on Reactor Safeguards has reviewed questions about some of the plant's piping.

Attorney General William French Smith asks a special 3-judge panel to appoint an independent counsel under the Ethics in Government Act of 1978 to investigate the financial dealings of Presidential Adviser Edwin Meese 3d, President Reagan's choice to succeed Smith as Attorney General.

Congressional Inquiry

Mar. 1—The Senate Judiciary Committee opens hearings on the confirmation of Edwin Meese 3d as Attorney General.

Mar. 8—The Senate Judiciary Committee agrees to delay its vote on Meese's confirmation hearings for 1 week. Questions have been raised about Meese's role in Ronald Reagan's 1980 campaign for the presidency.

Mar. 13—The Judiciary Committee announces that it is calling Meese back for additional hearings; in a letter to the committee, Meese has disclosed a \$15,000 interest-free loan to his wife, which he "inadvertently failed to list" in his financial disclosure. Meese is also under scrutiny for other allegedly unethical behavior.

Mar. 18—White House spokesman Larry Speakes says that Meese has asked for a delay in further Senate hearings; he has been notified that the Justice Department is beginning a preliminary investigation under the Ethics in Government Act.

Mar. 22—Meese asks for the appointment of a special prosecutor to make a "comprehensive inquiry" into the allegations against him.

Economy

Mar. 9—The Labor Department reports that the nation's unemployment rate declined to 7.7 percent in February.

Mar. 12—The Commerce Department says that U.S. industry plans to spend \$343.6 billion in modernization and expansion in 1984, a 13.6 percent rise over 1983.

Mar. 16—The Labor Department reports that its producer price index rose 0.4 percent in February.

Mar. 19—The Commerce Department reports that the U.S. foreign trade deficit for the 4th quarter of 1983 reached a record \$15.3 billion; the total 1983 deficit was \$40.8 billion.

Most major banks raise their prime rate to 11.5 percent.

Mar. 20—In its "flash report," the Commerce Department says that the nation's gross national product (GNP) rose at a 7.2 percent yearly rate in the 1st quarter of 1984; the inflation rate for the same period rose to 5.1 percent.

Mar. 23—The Labor Department reports that its consumer price index rose 0.4 percent in February.

Mar. 29—The Commerce Department reports that its index of leading economic indicators rose 0.7 percent in February.

The Commerce Department reports that the nation's foreign trade deficit in February rose to a new high of \$10.1 billion.

Foreign Policy

(See also *Intl, Iran-Iraq War, Lebanon Crisis, UN; Canada; China; El Salvador; France; Germany, West; Greece; Honduras; Japan; Jordan; Philippines; U.S.S.R.*)

Mar. 1—U.S. Deputy Ambassador to the UN Charles M. Lichenstein resigns.

Mar. 2—The State Department refuses to grant a visa to Oleg Yermishkin, a Soviet Olympic official, on grounds of "internal security."

Mar. 5—President Reagan confers on U.S.-Soviet relations with West German Chancellor Helmut Kohl in the White House.

Mar. 6—U.S. trade officials report that late last month the U.S. approved the sale of \$40-million worth of drilling pumps to the Soviet Union.

Mar. 9—U.S. district court Judge Thomas P. Jackson rules that, when he pocket vetoed a bill linking military aid to El Salvador to progress in human rights there, President Reagan acted constitutionally; the President pocket vetoed the bill on November 30, 1983, between two sessions of Congress.

Mar. 12—The State Department reiterates that the U.S. is

"prepared to resume the negotiations on reducing strategic and intermediate-range forces at any time . . . and to meet the Soviets halfway . . ."

President Reagan again asks Congress to approve his request for emergency arms aid for El Salvador.

Mar. 13—In a speech to the Young Leadership Conference of the United Jewish Appeal, President Reagan asks its support for his proposal to supply Jordan with advanced military equipment.

Mar. 15—State Department spokesman John Hughes expresses U.S. disappointment over Jordan King Hussein's March 14 *New York Times* interview in which Hussein said it was impossible to imagine any Arab willing to negotiate with Israel because the U.S. was "succumbing to Israel's dictates."

Mar. 16—President Reagan meets at the White House with Irish Prime Minister Garret FitzGerald.

Mar. 18—President Reagan authorizes the dispatch of 2 U.S. Awacs surveillance planes to Egypt after a joint request for the planes was made by Egypt and the Sudan.

Mar. 20—Congressional sources report that because of congressional opposition, President Reagan will no longer propose the sale of advanced antiaircraft missiles to Jordan and Saudi Arabia.

Mar. 21—The Defense Department reports that the aircraft carrier U.S.S. *Kitty Hawk* and a Soviet submarine collided in the Sea of Japan, with little damage to either ship.

Mar. 29—U.S. intelligence sources report that Iraq has used nerve gas against Iranian forces in the war between the two countries; neither the Defense Department nor the White House will comment formally on the report.

Mar. 30—President Reagan announces that U.S. military forces will leave the Lebanese coast and that U.S. participation in the international peacekeeping force is "no longer necessary" for achieving U.S. aims in Lebanon.

House Speaker Thomas P. O'Neill (D., Mass.) asks the House Foreign Relations Committee to determine whether the use of U.S. pilots on reconnaissance missions over El Salvador puts President Reagan's administration in violation of the War Powers Act.

In the wake of charges that Iraq has used poison gas in its war with Iran, the State Department halts exports of 5 chemicals that could be used to manufacture poison gas.

Mexico, Brazil, Colombia and Venezuela and 11 banks (10 of them U.S.-based) reach an agreement to lend Argentina \$400 million to enable Argentina to pay overdue loan interest payments by April 1. Argentina has put up \$100 million.

Mar. 31—In Washington, D.C., Treasury Secretary Donald Regan says that the U.S. will lend the government of Argentina \$300 million to repay the countries lending it money to meet its loan payments.

Labor and Industry

Mar. 21—The Justice Department approves a revised plan for the merger of the LTV Corporation and the Republic Steel Corporation in a \$770-million deal; on February 15, the Justice Department threatened antitrust action against their earlier merger plan.

Mar. 23—The Justice Department reaches a settlement with the LTV Corporation for violations of the Clean Air Act; the company will spend \$30 million for air pollution control equipment and pay \$4 million in civil penalties.

Mar. 30—Canadian Lynn R. Williams is elected president of the United Steel Workers of America.

Legislation

(See also *Congressional Inquiry*)

Mar. 2—In a voice vote, the Senate completes congressional action on a bill providing \$5 billion in highway funds to provide new roads and repair old ones; the bill goes to President Reagan.

Mar. 20—The Senate rejects President Reagan's proposed constitutional amendment to permit organized spoken prayer in the nation's public schools by a vote of 56 to 44, 11 votes short of the necessary two-thirds of the 100 Senators needed to approve the bill.

Mar. 30—Congress passes a stop-gap measure to extend the authority of the nation's bankruptcy courts until April 30.

Military

Mar. 27—Secretary of Defense Caspar Weinberger names Air Force Lieutenant General James A. Abrahamson to be head of the "strategic defense initiative," the space-based defense program proposed by President Reagan a year ago.

Politics

Mar. 1—Senator Ernest F. Hollings (D., S.C.) and former Florida Governor Reubin Askew withdraw from the Democratic presidential race.

Mar. 13—In Democratic presidential primaries, Senator Gary Hart (D., Colo.) wins in Florida, Massachusetts and Rhode Island and former Vice President Walter Mondale carries Alabama and Georgia. Four other states hold caucuses today.

Mar. 14—George McGovern withdraws as a Democratic presidential candidate.

Mar. 16—John Glenn withdraws as a candidate for the Democratic nomination.

Mar. 20—Walter Mondale wins the primary in Illinois; Hart comes in 2d and Jesse Jackson, 3d.

Mar. 27—Hart wins the Connecticut primary over Mondale and Jackson.

Supreme Court

Mar. 5—In a 5-4 ruling, the Supreme Court says that a city may include a Nativity scene in an official Christmas display without violating the constitutionally required separation between church and state.

Mar. 20—In a unanimous decision, the Court rules that a publication may be sued for libel in any state where the publication circulates, regardless of the residence of the plaintiff.

The Court rules 8 to 0 to uphold a \$10.5-million antitrust judgment against the Monsanto Company for conspiring to fix resale prices.

Mar. 21—The Court rules unanimously that a nonprofit legal organization that has won a civil rights case is entitled to the same rate of compensation as a private law firm; the administration argued against the ruling.

VIETNAM

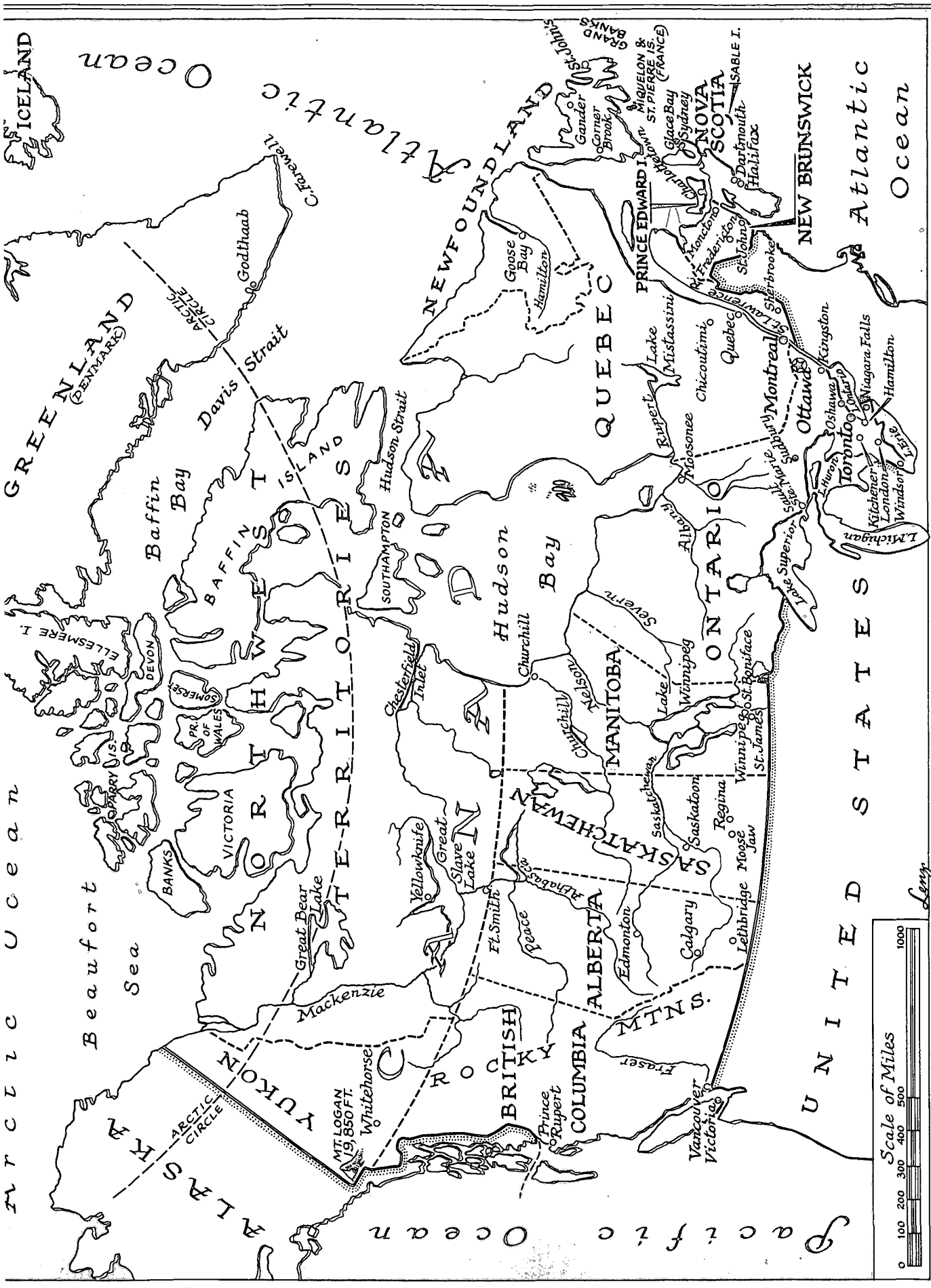
(See *Thailand*)

ZIMBABWE

Mar. 6—A government spokesman reports the discovery of shallow mass graves containing at least 4,000 guerrillas and civilians killed by the white-ruled government during Zimbabwe's civil war.

Mar. 7—Home Affairs Minister Simba Mubako announces that food supplies to Matabeleland will be resumed; the government stopped all food shipments to the province 5 weeks ago.

Mar. 8—Former Prime Minister Ian Smith says that the government is causing starvation in Matabeleland in its attempts to crush a rebel uprising; about 450,000 people are reportedly suffering from hunger and malnutrition.



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